L1 CAPITAL
Part of L1 Group

ASX Release

L1 Long Short Fund Limited (ASX:LSF)

26 August 2026

L1 Long Short Fund Limited – FY26 Annual Reporting

The following announcements are provided for release to the market:

- **Appendix 4E and FY26 Annual Report ✓**
- Appendix 3A.1 – Notification of Dividend/Distribution
- Appendix 4G and FY26 Corporate Governance Statement
- Shareholder Letter

This announcement is authorised for release by the Board of Directors.

Investor contact
Andrew Stannard | Chief Financial Officer | L1 Group Limited | Phone: (02) 9255 7528 | Email: IR@L1Group.com.au

L1 CAPITAL
Part of L1 Group

L1 Long Short Fund Limited
Appendix 4E – Preliminary Final Report

The Appendix 4E is for the reporting period from 1 July 2025 to 30 June 2026. The previous corresponding period was 1 July 2024 to 30 June 2025.

This report is based on the 2026 Audited Financial Report. All the documents comprise the information required by Listing Rule 4.3A.

Results for announcement to the market

	2026 $'000	2025 $'000	Up/Down	Movement %
Income from ordinary activities	**1,293,962**	317,475	Up	308
Income before income tax attributable to the ordinary equity holders	**894,325**	130,166	Up	587
Income after income tax attributable to the ordinary equity holders	**634,587**	99,518	Up	538

Dividend information

	Amount per Share (cents)	Franked amount per Share (cents)	Tax Rate for Franking Credit
FY26 interim dividend (11 November 2025)	3.50c	3.50c	30%
FY26 interim dividend (20 March 2026)	3.60c	3.60c	30%
FY26 interim dividend (22 June 2026)	3.70c	3.70c	30%
FY26 final dividend determined	3.80c	3.80c	30%

Final dividend dates

Ex dividend date	1 September 2026
Record date	2 September 2026
Last election date for the DRP	3 September 2026
Payment date	23 September 2026

LSF's solid dividend stream from portfolio companies and strong NTA growth have enabled the Board to deliver a consistent and continuously growing dividend for the Company. Since the Company paid its first dividend of 1.5 cents per share (1.8%) in October 2020, dividends have increased by 22% compound annual growth rate (CAGR) over the past six years to reach 14.6 cents per share for the full financial year 2026. The Board increased dividend frequency from semi-annual to quarterly during this financial year. The Company's solid franking credits balance continues to underwrite its future ability to continue to pay a regular and growing stream of franked dividends to investors.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is in operation under which the shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Participating shareholders are entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant allocation price. The relevant allocation price is the arithmetic average of the daily volume weighted average sale price (calculated to the nearest cent) of shares traded on the ASX over the five trading days commencing on the ex-dividend date for the relevant dividend, without any discount. The last day for the receipt of an election notice for participation in the DRP is 3 September 2026.

Net tangible assets*

	30 June 2026 $	30 June 2025 $
Net tangible asset backing (per share) before tax	**4.3222**	3.2473
Net tangible asset backing (per share) after tax	**3.9522**	3.1182

*The NTA before tax is calculated before the provision for deferred tax on unrealised gains and losses on the investment portfolio. The NTA after tax is calculated after all taxes.

Earnings per share

	30 June 2026 (cents)	30 June 2025 (cents)
Basic profit per share attributable to the ordinary equity shareholders	**100.41**	15.91
Diluted profit per share attributable to the ordinary equity shareholders	**100.41**	15.91

Explanation of results

For the period from 1 July 2025 to 30 June 2026, the Company recorded a profit before tax of $894.33 million and a net profit after tax of $634.59 million.

The net tangible asset (NTA) backing per share before tax was $4.32 as at 30 June 2026, an increase of 33% compared with $3.25 as at 30 June 2025. The 30 June 2026 NTA post-tax of $3.95 is calculated after all taxes. In addition to the increase in NTA, the Company declared fully franked quarterly dividends totalling 14.6 cents per share for the financial year.

Global equity markets during the financial year were characterised by heightened geopolitical tensions, including conflict in the Middle East, shifting interest rate expectations and increasingly concentrated market leadership, with a relatively small number of AI-related companies accounting for a significant proportion of index returns. At the same time, valuation dispersion across equity markets widened, with many high-quality businesses continuing to trade at attractive valuations despite resilient earnings and improving fundamentals.

Against this backdrop, the Investment Manager generated a net portfolio return of 45.4% through disciplined bottom-up stock selection, rigorous fundamental research and portfolio management. Performance was driven by strong stock selection across sectors such as Resources, Construction Materials, Infrastructure and Travel. Key contributors included copper producer Hudbay Minerals, building materials companies James Hardie and CRH, steel producer BlueScope and travel operator Qantas, with performance supported by earnings upgrades, corporate activity and company-specific catalysts that drove share price gains. The Investment Manager also used periods of heightened market volatility to selectively increase exposure to high-conviction investments trading below its assessment of intrinsic value, particularly in gold, copper and construction materials, while reducing positions in energy and selected infrastructure names that had reached fair value, positioning the portfolio to benefit as market conditions stabilised.

Looking forward, the Investment Manager is pleased with how the portfolio is positioned, with exposure concentrated in areas where it sees attractive medium-term upside, supported by compelling valuations, solid earnings growth and strong cash flow generation. The Investment Manager expects the portfolio's pronounced tilt towards quality value stocks to remain in place, with a particular focus on gold, copper, construction materials, infrastructure and select financials.

Annual General Meeting

L1 Long Short Fund Limited advises that its Annual General Meeting will be held on Tuesday, 10 November 2026. The time and other details relating to the meeting will be advised in the Notice of Meeting, which will be sent to all shareholders and released to the Australian Securities Exchange (**ASX**). In accordance with the Company's Constitution, valid nominations for the position of Director are required to be lodged at the registered office of L1 Long Short Fund Limited by 5pm AEST on Tuesday, 15 September 2026.

L1 CAPITAL
Part of L1 Group

Annual Report

For the year ended 30 June 2026

L1 Long Short Fund Limited

ABN 47 623 418 539

L1 CAPITAL
Part of L1 Group

Contents

Corporate Directory

Directors

Andrew Larke	(Independent Chairman)
John Macfarlane	(Independent Director)
Harry Kingsley	(Independent Director)
Raphael Lamm	(Non-Independent Director)
Mark Landau	(Non-Independent Director)

Company secretary

Nathan Jong
Acclime Australia Corporate Services Pty Ltd
Level 3, 62 Lygon Street
Carlton VIC 3053

Phone: (03) 8689 9997

Registered office

L1 Capital Pty Ltd
Level 45, 101 Collins Street
Melbourne VIC 3000

Phone: (03) 9286 7000

Investment Manager

L1 Capital Pty Ltd
Level 45, 101 Collins Street
Melbourne VIC 3000

Phone: (03) 9286 7000

Administrator

Apex Fund Services Pty Ltd
(an Apex Group Company)
Level 10, 12 Shelley Street
Sydney NSW 2000

Phone: (02) 8249 4782

Share registrar

MUFG Corporate Markets (AU) Limited
Tower 4, 727 Collins Street
Melbourne VIC 3008

Phone: 1300 554 474

For enquiries relating to shareholdings, dividends and related matters, please contact the share registrar.

Auditors

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000

Phone: (03) 9288 8000

Securities exchange listing

Australian Securities Exchange (ASX)
ASX code: LSF Ordinary shares

Website

www.L1LongShort.com

Chairman's Letter

Dear fellow shareholders,

I am pleased to provide you with the Annual Report for the L1 Long Short Fund Limited ("LSF" or "Company") for the year ended 30 June 2026.

Over the 12 months to 30 June 2026, the LSF portfolio produced an outstanding absolute return of 45.40% (ASX200AI 6.1%) taking the 5-year return to 16.9% p.a. (ASX200AI 7.8%) and a since inception return (since April 2018) of 14.70% p.a. (ASX200AI 9.0%).*

The Investment Manager, L1 Capital Pty Ltd ("L1 Capital"), generated this exceptional result while navigating heightened geopolitical tensions, including conflict in the Middle East, shifting interest rate expectations and increasingly concentrated equity markets. The result reinforces the strength of L1 Capital's disciplined, bottom-up investment approach, refined over more than a decade to identify opportunities created by market dislocations and valuation dispersion. Intensive fundamental research, disciplined portfolio management and strong stock selection again combined to deliver an outstanding outcome for shareholders.

At the beginning of FY2026, the Board increased the frequency of dividends from semi-annual to quarterly, recognising that many shareholders prefer to receive more regular income. We are pleased that the Investment Manager's ongoing strong performance has enabled the Company to continue paying a regular and growing stream of fully franked dividends, as set out in the table below.

LSF dividends since inception

	November	February	May	August	Total Financial Year	30 June closing price ($ per share)	FY dividend yield
FY21	–	1.50	–	3.00	4.50	2.54	1.8%
FY22	–	4.00	–	4.50	8.50	2.56	3.3%
FY23	–	5.00	–	5.50	10.50	2.81	3.7%
FY24	–	5.75	–	6.00	11.75	3.18	3.7%
FY25	–	6.25	–	6.50	12.75	2.90	4.4%
FY26	3.50	3.60	3.70	3.80	14.60	4.72	3.1%

Note: FY dividend yield represents total financial year dividends as a % of LSF 30 June closing share price.

All LSF Board members and L1 Capital's senior management team reinforced their commitment to the Company's long-term success by increasing their investments in LSF during the year. L1 Capital also continued its substantial engagement program with shareholders through frequent webinars and interim updates, alongside monthly and quarterly reports and dedicated investor relations capabilities. The Board continues to see significant value for shareholders in these initiatives.

The Annual General Meeting will be held on 10 November 2026. The time and other details relating to the meeting will be advised in the Notice of Meeting, which will be sent to all shareholders and released to the Australian Securities Exchange (**ASX**).

Thank you for your continued support of the Company.

Andrew Larke
Chairman
L1 Long Short Fund Limited

* *All performance numbers are quoted net of fees. Net returns are calculated based on the movement of the underlying investment portfolio. Past performance should not be taken as an indicator of future performance.*

Investment Manager's Report

Dear shareholders,

The financial year ending 30 June 2026 was an exceptionally strong year for the L1 Long Short Fund Limited, with the Company's portfolio delivering a net return of 45.40%. Markets were shaped by heightened geopolitical tensions, including conflict in the Middle East, shifting interest rate expectations and increasingly concentrated equity market leadership. We believe this outcome reflects the resilience of our investment process, disciplined portfolio management and the breadth of opportunities identified through intensive, fundamental research.

Throughout much of the financial year, global equity markets became increasingly concentrated, with a relatively small number of AI-related companies accounting for a significant proportion of index returns. At the same time, many high-quality businesses in sectors such as Resources, Construction Materials, Infrastructure, Travel and Financials continued to trade at attractive valuations despite resilient earnings and improving fundamentals. We remained focused on identifying companies where the disconnect between price and intrinsic value had become increasingly compelling. Strong stock selection across this diverse sector mix – with key contributors including Hudbay Minerals supported by strengthening copper fundamentals, James Hardie and CRH benefiting from improving U.S. construction activity, BlueScope following successful engagement and subsequent share price appreciation, Goodman Group driven by continued demand for logistics and data centre assets and Qantas supported by improving industry conditions and lower fuel costs. These outcomes supported broad-based returns aided by earnings upgrades, corporate actions and company-specific catalysts. This more than offset weakness in a handful of positions where market sentiment temporarily outweighed fundamentals.

Market volatility increased materially toward the end of the financial year as geopolitical tensions surrounding the Iran conflict drove sharp moves across commodity and equity markets. Rather than reacting to short-term market movements, we used the resulting dislocations – consistent with our long-standing investment approach – to increase exposure to high-conviction businesses trading well below our assessment of intrinsic value, particularly in gold, copper, construction materials and travel-related stocks, while recycling capital from positions that had reached fair value. As markets stabilised and investors refocused on fundamentals, many of these investments recovered strongly, reinforcing our belief that periods of heightened volatility often create the most attractive opportunities for us as long-term investors.

FY2026 provided an excellent environment for our investment approach, with heightened volatility and growing valuation dispersion creating a broad opportunity set. At year end, the portfolio retained a pronounced Value skew, with our median long position trading on attractive earnings multiples despite delivering double-digit earnings growth. This quality value bias is most evident in our core exposures to gold and copper producers, construction materials, infrastructure and select financials, where we see compelling combinations of strong earnings growth, conservative balance sheets and significant valuation support. We continue to see compelling opportunities across our investment universe and believe the Company is well positioned to deliver attractive returns in the years ahead.

As always, we sincerely thank you for your continued support and investment in LSF and we look forward to updating you over the year ahead.

Mark Landau

Non-Independent Director,
L1 Long Short Fund Limited

Raphael Lamm

Non-Independent Director,
L1 Long Short Fund Limited

About the Company

L1 Long Short Fund Limited (ASX: LSF) was established in 2018 with the sole purpose of investing in a portfolio of predominantly Australian and New Zealand Securities, with up to 30% of the gross exposure allowed in Global Securities.

The Company's portfolio is managed by L1 Capital, which was co-founded in 2007 by Raphael Lamm and Mark Landau. In October 2025, L1 Capital merged with Platinum Asset Management to form the L1 Group (ASX: L1G) and remains majority owned by founders and staff. The combination was designed to create a market-leading provider of listed equities and alternative investment strategies. As at 30 June 2026, the L1 Group had total Funds Under Management ("FUM") of approximately $19.1 billion.

L1 Capital history

Since its foundation, the L1 Capital team has remained dedicated to providing market-leading performance via differentiated investment strategies with outstanding client service, transparency, alignment and integrity.

Raphael and Mark launched L1 Capital managing Australian equities in 2007 and have designed the firm to be as closely aligned with investors as possible. Over time, they have grown the firm through the careful cultivation of best-of-breed capabilities, and a focus on investing alongside clients and capping FUM capacity far below peer strategies to focus on strong ongoing alpha generation.

Today, L1 Capital manages assets for a range of investors including large superannuation funds, pension funds, asset consultants, private wealth firms, financial planning groups, family offices, high net worth investors and retail investors.

L1 Capital | Key dates

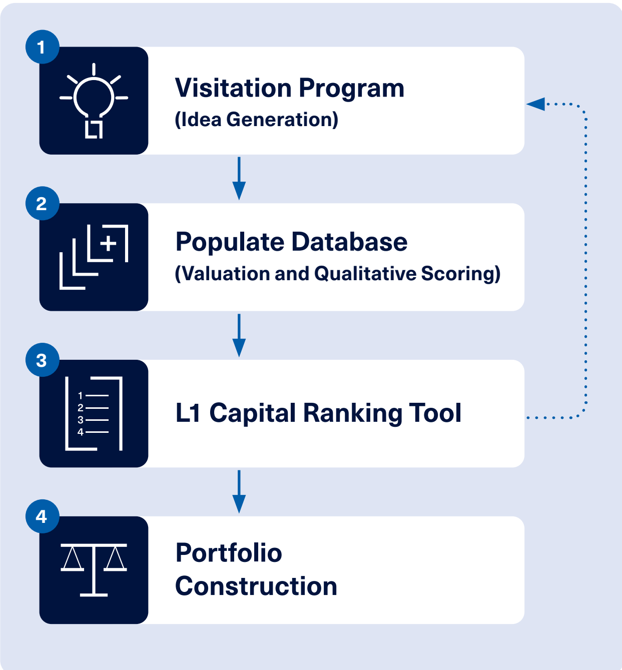
- **2007** Raphael Lamm & Mark Landau founded L1 Capital
- **Aug 2007** Launched L1 Capital Australian Equities Fund (Wholesale)
- **Sep 2014** Launched L1 Capital Long Short Fund (Wholesale)
- **Jun 2015** Launched L1 Capital Global Opportunities Fund (David Feldman, CIO)
- **Oct 2016** Launched L1 Capital Long Short Fund (Daily Class)
- **Jan 2017** Launched L1 Capital Long Short Fund (Offshore)
- **Sep 2017** Launched L1 Capital U.K. Residential Property Fund (David Lamm, CEO)
- **Apr 2018** IPO of L1 Long Short Fund Limited (ASX:LSF) listed investment company (LIC)
- **Mar 2019** Launched L1 International Fund (David Steinthal, CIO)
- **Jul 2021** Launched L1 Capital Catalyst Fund (James Hawkins, Partner)
- **Nov 2023** Converted L1 Capital International Fund to dual registered as an ETMF (ASX:L1IF)
- **Jul 2024** Launched hedged version of L1 Capital International Fund as an ETMF (ASX:L1HI)
- **Oct 2025** Completed merger with Platinum Asset Management to form L1 Group (ASX:L1G)
- **Nov 2025** L1 Capital assumed the investment management contract of L1 Global Long Short Fund Limited (ASX:GLS) listed investment company (LIC)
- **Apr 2026** IPO of L1 Gold Fund Limited (ASX:LGF) listed investment company (LIC)

Investment objective and style

The Company's objective is to deliver strong, positive, risk-adjusted returns to investors over the long term through applying L1 Capital's flagship absolute return philosophy and process, which the investment team has been managing since 2014.

The Company invests in a highly diversified portfolio of typically 50-100 long and short positions primarily in Australia. The Investment Manager selects positions using a bottom-up, fundamental, research-driven investment approach focused on strict quality and valuation criteria, resulting in an investment style that is value and contrarian biased.

The L1 Capital investment team actively adjusts the portfolio net long to calibrate market exposure, uses both long and short positions to seek profit from both rising and falling share prices, and uses the portfolio's flexibility to invest up to 30% in international shares to expand its opportunity set beyond the Australian and New Zealand markets.



Investment philosophy and approach

The L1 Capital investment team has three core investment beliefs upon which it has built its investment approach:

1. **Valuation and qualitative factors are the key drivers of long-term share price performance.**

   Both factors are critical and of equal importance.

2. **Markets tend to be emotional, short-term and backward looking.**

   Markets continually present opportunities to investors who are unemotional and long term in their assessment of business potential.

3. **An intensive visitation schedule with a wide variety of stakeholders can provide a more complete cross-check of a company's prospects.**

   Successful bottom-up investing requires detailed research and an independent thought process.

Investment process

The L1 Capital investment process is highly disciplined, objective and research-intensive. Combining valuation (primarily discounted cash flow) with qualitative considerations (management quality, long-term industry and company structure and business trends) the investment team seeks to identify attractive investment opportunities on the long and the short side and bringing them together to dynamically position the portfolio for the risk/return conditions of the markets.

About the Company

Continued

Investment research

The investment team conducts an intensive regime of company meetings in order to build a comprehensive understanding of what may influence the prospects for each company. These can include one-on-one meetings with company management, listed and unlisted competitors, customers, suppliers, operational personnel, regulators, consultants, unions and other parties. This detailed stock research provides insightful context for the team's analysis of annual reports, company announcements, industry publications, broker reports and other relevant research.

On the quantitative side, the investment team builds financial models for each company, including the team's own profit and loss, balance sheet and cash flow statements, and modelling discounted cash flows ("DCF") using realistic estimates for each metric (i.e. not conservative 'worst case' or optimistic 'best case' scenarios). The team also cross checks their internal DCF valuations against peer and historical multiples (such as Price/Earnings, Enterprise Value/Earnings, Price/Sales, etc.), and against industry research to ensure that they are fully aware of all perceived issues or concerns for any given company.

They use a bespoke database for consolidating their research and analysis, which helps to ensure consistency, objectivity and discipline when forming and actively tracking views on management quality, company structure, business trends and market thematics, as well as target valuations. The database features a proprietary L1 Capital ranking tool which distils the team's qualitative and valuation analysis into a single score for each company, then ranks the companies to help identify candidates for both the long and the short portfolios.

Portfolio management

The starting point for the long portfolio is the companies with the highest L1 Capital rankings, which the Co-CIOs overlay with consideration of asymmetry of likely returns, liquidity characteristics, individual stock contribution to risk and correlation between positions. Conversely, for the short portfolio, they start with the lowest ranked stocks – those that typically have overvalued share prices as well as weak management, industry structure and operating trends. Importantly, for a stock to enter the short portfolio, the Co-CIOs must be able to identify a clear catalyst for a share price fall.

The vast majority of long positions typically enter the portfolio at less than a 5% weight. The Co-CIOs are willing to take larger long positions in stocks that have both a particularly strong asymmetrical risk/return profile (i.e. strong upside and limited downside) and where they have a very high degree of confidence in the investment thesis. For short positions where the investment idea is equally appealing, they size positions smaller than longs (typically less than 3%) to limit downside risk.

The investment team meets regularly to review the portfolio, current risk metrics, and ideas for and modelling of proposed changes, in addition to ongoing monitoring of risk factors (e.g. portfolio beta, correlations, VAR, stock contribution to risk, liquidity, etc.). Share prices also feed into the L1 Capital ranking tool, recalibrating the rankings to alert the team to opportunities for adding, trimming, buying or selling positions. Further risk controls trigger the investment team to review the investment cases and price targets for holdings whose share prices vary beyond set thresholds.

ESG integration

The equities investment teams across the L1 Group incorporate ESG issues into their investment analysis and decision-making, and are committed, active owners of companies. The team believes that a deeper understanding of ESG issues will provide a long-term boost to returns for their portfolios, given the potential implications that they have on capital allocation, operating costs and business risks. The team does not set ESG objectives that target specific ESG outcomes.

L1 Group is a signatory of the Principles for Responsible Investing ("the PRI").

Signatory of:

PRI Principles for Responsible Investment

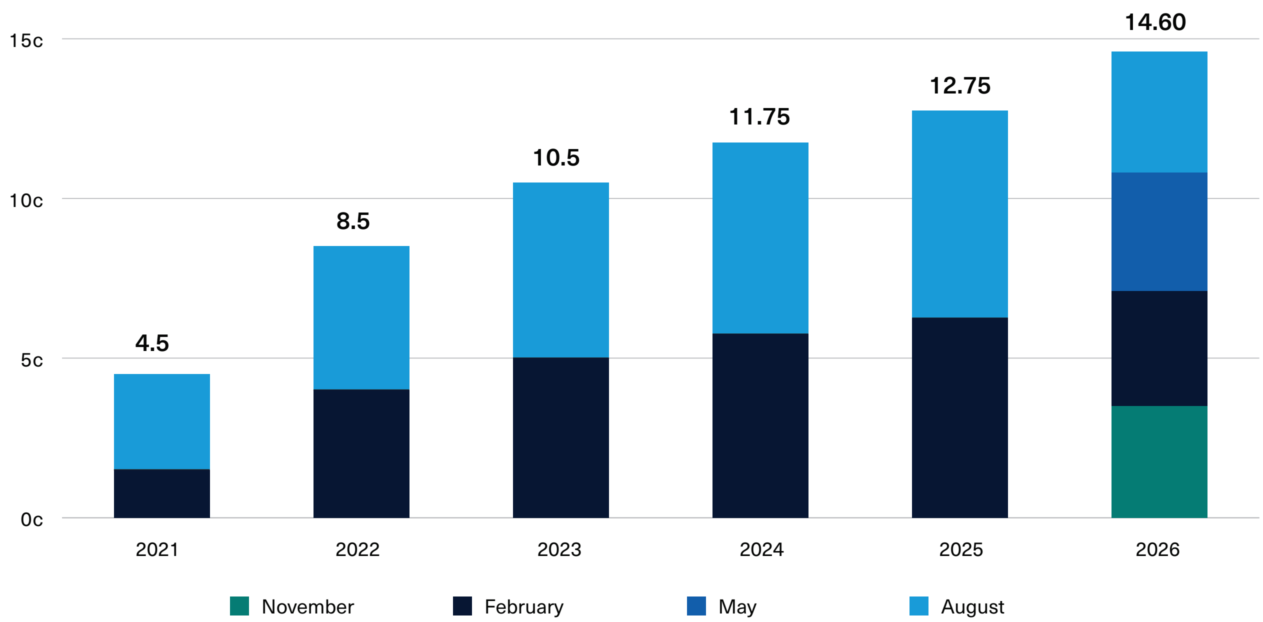
Dividends and buybacks

The Company has made a long-term commitment to making distributions to shareholders. Starting in FY2021, it has continued to pay a regular and growing stream of fully franked dividends every half year, enabled by the portfolio's strong investment performance. From the beginning of FY2026, the Company has moved to paying dividends on a quarterly basis.

Mark Landau and Raphael Lamm, the portfolio managers of LSF, have continued to express their confidence in the Company through voluntarily increasing their investments in LSF each year the Company has been in operation. This alignment with shareholders testifies to their belief in the long-term strength of LSF.

This support of the Company is backstopped by the Directors' renewal of commitment to conducting share buybacks where they deem appropriate, as well as an automatic Company on-market buyback mechanism which is triggered if the share price discount to post-tax NTA reaches 10%.

LSF fully franked dividends (cents per share)



Source: L1 Long Short Fund Limited.

Directors' Report

The Directors present their report together with the financial statements of L1 Long Short Fund Limited (the "Company") for the year ended 30 June 2026.

Directors

The following persons held office as Directors during the year and up to the date of this report:

Andrew Larke (Independent Chairman)

Raphael Lamm (Non-Independent Director)

Mark Landau (Non-Independent Director)

John Macfarlane (Independent Director)

Harry Kingsley (Independent Director)

Principal activities

During the year, the principal activity of the Company was to invest (both long and short) in predominantly Australian securities with the remaining exposure to global securities. The Company's investment objective is to deliver positive absolute returns to investors while seeking to preserve capital over the long term.

There were no significant changes in the nature of the activity of the Company during the year.

Dividend information

During the year, the Company declared the following dividends.

	Declaration Date	Paid/payable Date	Amount per Share (cents)	Franked Amount per Share (cents)
FY25 Final dividend	27 August 2025	7 October 2025	6.50c	6.50c
FY26 Interim dividend	11 November 2025	5 December 2025	3.50c	3.50c
FY26 Interim dividend	20 February 2026	20 March 2026	3.60c	3.60c
FY26 Interim dividend	21 May 2026	22 June 2026	3.70c	3.70c
FY26 Final dividend determined	26 August 2026	23 September 2026	3.80c	3.80c

The Dividend Reinvestment Plan ("DRP") is in operation under which the shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Participating shareholders are entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant allocation price. The relevant allocation price is the arithmetic average of the daily volume weighted average sale price (calculated to the nearest cent) of shares traded on the ASX over the five trading days commencing on the ex-dividend date for the relevant dividend, without any discount. The last day for the receipt of an election notice for participation in the DRP is 3 September 2026.

Dividend Profit Reserve

The Company may transfer any current year or prior period accumulated profits not distributed as dividends to a dividend profit reserve. Doing so facilitates the payment of future dividends, rather than maintaining these profits within retained earnings.

The transfers of $414,888,000 and $219,699,000 were made to the reserve upon approval of the Board.

The balance of the dividend profit reserve as of 30 June 2026 is $1,357,721,000 (2025: $832,373,000).

Review of operations

The operating profits before tax was $894,325,000 for the year ended 30 June 2026 (2025: $130,166,000). The net result after tax was a profit of $634,587,000 (2025: $99,518,000).

This profit was supported by the Investment Manager's disciplined 'quality value' approach to bottom-up stock selection, rigorous fundamental research and disciplined portfolio management. Strong stock selection across a diverse range of sectors – including resources, construction materials, infrastructure, travel and financials –enabled the portfolio to capitalise on the valuation opportunities created by periods of heightened market volatility and widening valuation dispersion, with notable contributions from holdings such as Hudbay Minerals, BlueScope, James Hardie, Goodman Group and Qantas, and from increased exposure to gold and copper equities following the March 2026 quarter sell-off.

Financial position

The net asset value of the Company for the financial year ended 30 June 2026 was $2,509,995,000 (2025: $1,963,610,000).

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the year ended 30 June 2026.

Matters subsequent to the end of the financial year

On 26 August 2026, the Directors declared a fully franked final dividend of 3.80 cents per share with a record date of 2 September 2026 and payable to the shareholders on 23 September 2026.

The DRP is in operation under which the shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant allocation price. The relevant allocation price is the arithmetic average of the daily volume weighted average sale price (calculated to the nearest cent) of shares traded on ASX over the five trading days commencing on the ex-dividend date for the relevant dividend, without any discount. The last day for the receipt of an election notice for participation in the DRP is 3 September 2026.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Likely developments and expected results of operations

The Company will continue to pursue its investment objectives for the long-term benefit of the shareholders.

The results of the Company's operations will be affected by a number of factors, including the performance of investment markets in which the Company invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Directors' Report

Continued

Business risks

The Company's investment activities will expose it to a variety of risks. The key risks include:

Investment strategy risk: The success and profitability of the Company will largely depend upon the ability of the Investment Manager to invest in a portfolio which generates a return for the Company. The past performance of the funds managed by the Investment Manager is not a guide to future performance of the investment strategy or the Company. There are risks inherent in the investment strategy that the Investment Manager will employ for the Company. An inherent part of the strategy is to identify securities which are undervalued (or, in the case of short positions, overvalued) by the marketplace. Success of such a strategy depends upon the market eventually recognising such value in the price of the security, which may not necessarily occur. Equity positions, including initial public offerings, may involve highly speculative securities. The ability of the Investment Manager to construct a long portfolio of securities that outperforms and a short portfolio of securities that outperforms is both crucial to the success and profitability of the Company. While certain short positions act as a hedge for the Company's long investments, there is a risk that losses are incurred on the long and short portfolios at the same time.

Investment Manager risk: The Company's performance depends on the expertise and investment decisions of the Investment Manager. Its opinion about the intrinsic worth of a company or security may be incorrect, the Company's investment objective may not be achieved and the market may continue to undervalue the securities within the portfolio from time to time. Further, the success and profitability of the Company will largely depend on the Investment Manager's continued ability to manage the portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. Should the Investment Manager become unable to perform investment management services for the Company or should there be significant key personnel changes at the Investment Manager, the Company's investment activities may be disrupted and its performance negatively impacted.

Market risk: The portfolio will be exposed to market risk. The market risk of assets in the Company's portfolio can fluctuate as a result of market conditions. The value of the portfolio may be impacted by factors such as economic conditions, interest rates, regulations, sentiment and geopolitical events as well as environmental, social and technological factors. The Investment Manager will seek to reduce market and economic risks to the extent possible. In addition, as the Company was listed on the ASX, the shares were exposed to market risks. As a result, the share price may trade at a discount or a premium to its NTA.

Derivative risk: The Company may invest in exchange traded derivatives and over-the-counter derivatives including options, futures and swaps, currency, credit default exposures, currency forwards/contracts and related instruments. The Company may use derivative instruments for risk management purposes and to take opportunities to increase returns. Investments in derivatives may cause losses associated with the value of the derivative failing to move in line with the underlying security or as expected. Derivative transactions may be highly volatile and can create investment leverage, which could cause the Company to lose more than the amount of assets initially contributed to the transaction.

Short selling risk: There are inherent risks associated with short selling. Short selling involves borrowing securities which are then sold. If the price of the securities falls, then the Company can buy those securities at a lower price to transfer back to the lender of the securities. However, if the price of a security rises the Company may be required to close the position at a significant loss. Short selling can be seen as a form of leverage and may magnify the gains and losses achieved in the portfolio. While short selling may be used to manage certain risk exposures in the portfolio and increase returns, it may also have a significantly increased adverse impact on its returns. Short selling exposes the portfolio to the risk that investment flexibility could be restrained by the need to provide collateral to the securities lender and that positions may have to be liquidated at a loss and not at a time of the Investment Manager's choosing.

Foreign issuer and market risk: The Company's investment objective and strategies are focused on Australian and New Zealand securities, however, it can invest in up to 30% of the portfolio's gross exposure in global securities. Investments in foreign companies may be exposed to a higher degree of sovereign, political, economic, market and corporate governance risks than Australian and New Zealand investments.

Business risks (continued)

Currency risk: Investing in assets denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the value of the portfolio's investments measured in Australian dollars. For example, if an equity investment is denominated in a foreign currency and that currency depreciates in value against the Australian dollar, the value of that investment may depreciate when translated into Australian dollars and the portfolio may suffer a loss as a result (notwithstanding that the underlying equity has appreciated in value in its currency of denomination). The Investment Manager will seek to regularly monitor price movements for global securities and may perform currency trades to maintain an Australian dollars hedged portfolio. While it is the general intention of the Investment Manager to hedge the portfolio into Australian dollars, the Investment Manager is allowed to leave global securities unhedged if the Investment Manager believes this would be in the best interests of the Company. This decision may result in gains or losses in local currency terms.

Counterparty and collateral risk: The Company uses the services of prime brokers to facilitate the lending of securities to short sell. Until the Investment Manager returns a borrowed security, it will be required to maintain assets with the prime brokers as collateral. As such, the Company may be exposed to certain risks in respect of that collateral.

Liquidity risk: The Company is exposed to liquidity risk in relation to the investments within its portfolio. If a security cannot be bought or sold quickly enough (or at all) to minimise potential losses, the Company may have difficulty satisfying commitments associated with financial instruments. If the Company is unable to buy or sell securities, it may suffer significant losses. The Company's shares are also exposed to liquidity risk. The ability of an investor in the Company to sell their shares on the ASX will depend on the turnover or liquidity of the securities at the time of sale. Therefore, investors may not be able to sell their shares at the time, in the volumes or at the price they desire.

Compensation fee structure risk: The Investment Manager receives compensation based on the portfolio's performance. The performance fee may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance of the portfolio.

Leverage risk: The Investment Manager is permitted to borrow on behalf of the Company. The Investment Manager may use debt to increase the scale of the portfolio of the Company or to purchase securities outside of Australia in the relevant currency (for example in USD to purchase US securities). There are risks in using leverage in this manner. The use of derivatives and short selling may have an effect similar to debt leverage in that it can magnify the gains and losses achieved in the portfolio in a manner similar to a debt leveraged portfolio. These risks give rise to the possibility that positions may have to be liquidated at a loss and not a time of the Investment Manager's choosing. There are limits on leverage that the Company may undertake.

Default risk: Investment in securities and financial instruments generally involves third parties as custodians and counterparties to contracts. Use of third parties carries risk of default and failure to secure custody which could adversely affect the value of the Company. The Company will use the services of the prime brokers and outsource key operational functions including investment management, custody, execution, administration and valuation to a number of third party service providers. There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Company or provide services below standards which are expected by the Company, causing loss to the Company.

The Company's risk management framework, which is overseen by the Audit and Risk Committee, has been designed to monitor, review and continually improve risk management at the Company.

Environmental regulation

Shareholders are encouraged to read LSF's attached Sustainability Report. It is noted that the Company is not subject to any significant environment regulation under Commonwealth, State or Territory laws.

Directors' Report

Continued

Information on Directors

Andrew Larke (Independent Chairman)

Experience and expertise

Andrew Larke has over 30 years' experience in mergers, acquisitions, capital markets and senior executive leadership positions.

He was formerly CEO and Managing Director of IXOM chemicals group and prior to that he was Global Head of Strategy, Planning and Mergers & Acquisitions at Orica Limited. Mr Larke was a director of the listed companies DuluxGroup Limited (2010–2019) and Diversified United Investment Limited (2015–2026).

Other current directorships

Andrew Larke is a director of the ASX-listed L1 Gold Fund Limited (2026 – current) and the TSX-listed Nippon Paint Holdings Co Ltd (2025 – current).

Former directorships in last 3 years

Andrew Larke was a director of the ASX-listed Diversified United Investment Limited (2015 – 2026).

Interests in shares

Details of Andrew Larke's interests in shares of the Company are included in the Remuneration Report.

Interests in contracts

Andrew Larke has no interests in contracts of the Company.

John Macfarlane (Independent Director)

Experience and expertise

John Macfarlane is an experienced international banker. He served as CEO of Bankers Trust New Zealand (1998 – 1999), Chief Country Officer (Japan) and President of Deutsche Securities Japan (1999 – 2006), Executive Chairman of Deutsche Bank Australia and New Zealand (2007 – 2014) and Executive Chairman and CEO of Deutsche Bank Australia (2011 – 2014).

During his 15 years at Deutsche Bank, he was a member of the Global Markets, Global Banking and Global Regional Management Executive Committees and he also served as a Co-Chair of the Asia Pacific Executive Committee (2004 – 2006). He has also previously worked for the New Zealand Government Treasury, the Department of Finance (PNG) and for Bankers Trust Company for 11 years in Australia, New Zealand, and the USA.

From 2014 to 2023, John was a Non-Executive Director of ANZ Bank. In 2024 he established his own Family Office and Family Office practice.

Other current directorships

John Macfarlane does not currently hold directorships in other listed companies.

Former directorships in last 3 years

John Macfarlane was a director of the ASX-listed Australia and New Zealand Banking Group Limited (2014 – 2023).

Interests in shares

Details of John Macfarlane's interests in shares of the Company are included in Remuneration Report.

Interests in contracts

John Macfarlane has no interests in contracts of the Company.

Harry Kingsley (Independent Director)

Experience and expertise

Harry Kingsley is a Partner at K&L Gates. He is a senior corporate and commercial lawyer specialising in strategic advice and negotiated transactions. He has extensive legal industry experience working in private practice and organisations in the transport and financial services industries as well as working as an investment banking professional. He is a trusted advisor to private and ASX listed corporations, their directors and management throughout Australasia.

He is highly regarded for his general commercial expertise as well as specialist knowledge around private equity, private and public M&A, IPOs and equity and debt capital markets.

He was formerly a Partner at Holding Redlich (2015 – 2020), Senior Legal Counsel, Asciano Limited and Chief Legal Counsel, Pacific National (2011 – 2015), Executive Director, Austock Group (2005 – 2011) and a senior associate at Minter Ellison (2001 – 2005).

Other current directorships

Harry Kingsley does not currently hold directorships in other listed companies.

Former directorships in last 3 years

Harry Kingsley has not held any directorships in other listed companies within the last 3 years.

Interests in shares

Details of Harry Kingsley's interests in shares of the Company are included in Remuneration Report.

Interests in contracts

Harry Kingsley has no interests in contracts of the Company.

Information on Directors (continued)

Raphael Lamm (Non-Independent Director)

Experience and expertise

Raphael Lamm is the Co-Chief Investment Officer of L1 Capital. Raphael co-founded L1 Capital in 2007 with Co-CIO Mark Landau. Since co-founding L1 Capital, Raphael has jointly managed L1 Capital's Australian equities strategies including the flagship L1 Capital Long Short Strategy, which was launched in 2014.

Prior to founding L1 Capital, Raphael spent five years at Cooper Investors where he worked as an Investment Analyst and Portfolio Manager focused on the Australian large cap universe.

He holds a double degree in Law and Commerce from Monash University, with Honours in Law and First Class Honours in Finance.

Other current directorships

Raphael Lamm does not currently hold directorships in other listed companies.

Former directorships in last 3 years

Raphael Lamm has not held any directorships in other listed companies within the last 3 years.

Interests in shares

Details of Raphael Lamm's interests in shares of the Company are included in Remuneration Report.

Interests in contracts

Details of Raphael Lamm's interests in contracts of the Company are included in Note 22(b).

Mark Landau (Non-Independent Director)

Experience and expertise

Mark Landau is the Co-Chief Investment Officer of L1 Capital. Mark co-founded L1 Capital in 2007 with Co-CIO Raphael Lamm. Since co-founding L1 Capital, Mark has jointly managed L1 Capital's Australian equities strategies including the flagship L1 Capital Long Short Strategy, which was launched in 2014.

Prior to founding L1 Capital, Mark was an Australian equities Investment Analyst and Investment Manager at Invesco and was previously a Senior Strategy Consultant at Accenture advising ASX100 companies.

Mark holds a double degree in Commerce and Economics from Monash University and is an active CFA charter holder.

Other current directorships

Mark Landau does not currently hold directorships in other listed companies.

Former directorships in last 3 years

Mark Landau has not held any directorships in other listed companies within the last 3 years.

Interests in shares

Details of Mark Landau's interests in shares of the Company are included in Remuneration Report.

Interests in contracts

Details of Mark Landau's interests in contracts of the Company are included in Note 22(b).

Company Secretary

Nathan Jong

Nathan Jong of Acclime Corporate Services Australia Pty Ltd is an experienced Company Secretary with over 10 years' professional experience providing company secretarial, governance and compliance support to boards across a diverse range of industries and sectors, including ASX-listed, NASDAQ-listed and not-for-profit organisations. Nathan is a Chartered Secretary, Chartered Accountant and Fellow of the Governance Institute of Australia.

Nathan specialises in corporate governance, ASX compliance, statutory reporting, corporate transactions and advisory, and currently serves as Company Secretary to several ASX-listed companies.

Nathan holds a Bachelor of Commerce (Accounting and Finance) from Monash University, a Graduate Diploma of Applied Corporate Governance and Risk Management from the Governance Institute of Australia, and a Graduate Diploma of Chartered Accounting from Chartered Accountants Australia and New Zealand.

Directors' Report

Continued

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2026 and up to the date of this audit report, and the number of meetings attended by each Director were:

			Meetings of committee	
	Directors' Meetings		Audit and Risk	
1 July 2025 to 30 June 2026	A	B	A	B
Andrew Larke	5	5	2	2
Mark Landau	3	5	N/A	N/A
Raphael Lamm	4	5	N/A	N/A
John Macfarlane	5	5	2	2
Harry Kingsley	5	5	2	2

A = Number of meetings attended.

B = Number of meetings held during the time the Director held office or was a member of the committee during the year.

Remuneration report (Audited)

This report details the nature and amount of remuneration for each Director of the Company in accordance with the *Corporations Act 2001.*

The Independent Directors are entitled to receive Directors' fees (inclusive of superannuation) up to $600,000 (2025: $600,000) per annum to be shared among the Directors. Additional remuneration may be paid in accordance with the Company's Constitution.

The remuneration for Directors will be reviewed by the Board on a periodic basis as the Company develops its business and, subject to the Listing Rules, may be increased.

Raphael Lamm and Mark Landau, being Non-Independent Directors, are remunerated by the Investment Manager and do not receive Directors' fees from the Company.

Directors' remuneration is not directly linked to the Company's Performance.

Remuneration report (Audited) (continued)

Details of remuneration

The following tables show details of the remuneration paid by the Company to the Directors of the Company for the current financial year and previous financial year.

2026 Name	Short-term employee benefits Salary and fees $	Post-employment benefits Superannuation $	Total $
Independent Directors			
Andrew Larke	218,500	–	218,500
John Macfarlane	97,545	11,705	109,250
Harry Kingsley	97,545	11,705	109,250
Sub-total Independent Directors	**413,590**	**23,410**	**437,000**
Non-Independent Directors			
Raphael Lamm*	–	–	–
Mark Landau*	–	–	–
Sub-total Non-Independent Directors	**–**	**–**	**–**
Total key management personnel compensation	**413,590**	**23,410**	**437,000**
2025			
Independent Directors			
Andrew Larke	211,000	–	211,000
John Macfarlane	94,619	10,881	105,500
Harry Kingsley	94,619	10,881	105,500
Sub-total Independent Directors	**400,238**	**21,762**	**422,000**
Non-Independent Directors			
Raphael Lamm*	–	–	–
Mark Landau*	–	–	–
Sub-total Non-Independent Directors	**–**	**–**	**–**
Total key management personnel compensation	**400,238**	**21,762**	**422,000**

* *Raphael Lamm and Mark Landau are directly paid by L1 Capital. Refer to section Remuneration of Executives.*

Remuneration report (Audited) (continued)

Director-Related Entity Remuneration

All transactions with related entities were made under normal commercial terms and conditions.

L1 Capital is a Director-related entity which operates a funds management business and has been appointed to manage the investment portfolio of the Company. In its capacity as Investment Manager, L1 Capital is entitled to be paid a management fee equal to 1.40% (plus GST) per annum of the value of the portfolio calculated daily.

Management fees (inclusive of the net impact of GST and Reduced Input Tax Credit ("RITC")) incurred during the year amounted to $35,650,000 (2025: $26,844,000) of which $3,509,000 (2025: $2,430,000) remained payable as at year end.

In addition, L1 Capital is entitled to be paid by the Company a fee equal to 20.00% (plus GST) of the Portfolio's outperformance, if any, over each semi-annual performance calculation period, subject to a high watermark mechanism.

Performance fees (inclusive of the net impact of GST and RITC) incurred during the year amounted to $228,514,000 (2025: $33,284,000). Performance fees payable as of 30 June 2026 amounted to $78,510,000 (2025: $33,565,000).

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

Remuneration of Executives

There are no executives that are directly paid by the Company. L1 Capital, the Investment Manager of the Company, remunerated Raphael Lamm and Mark Landau as employees and/or as Directors of the Investment Manager during the financial year. The Investment Manager is appointed to provide day-to-day management of the Company and is remunerated as outlined above.

Remuneration report (Audited) (continued)

Equity Instrument Disclosures Relating to Directors

As at the date of the report, the Company's Directors and their related parties held the following interests in the Company:

Ordinary Shares Held

2026		
Director	**Position**	**No. of shares**
Andrew Larke	Independent Chairman	1,361,879
John Macfarlane	Independent Director	760,208
Harry Kingsley	Independent Director	48,732
Raphael Lamm*	Non-Independent Director	52,263,167
Mark Landau*	Non-Independent Director	54,077,619
		108,511,605

2025		
Andrew Larke	Independent Chairman	1,311,796
John Macfarlane	Independent Director	726,199
Harry Kingsley	Independent Director	29,047
Raphael Lamm*	Non-Independent Director	49,925,144
Mark Landau*	Non-Independent Director	53,033,029
		105,025,215

Refer to Note 19(b) for the movement of interests held in the Company by the Company's Directors and their related parties during the year ended 30 June 2026.

** Ordinary shares held by the following Directors are subject to voluntary escrow for a period which is the shorter of the period of (a) 10 years from the date that the Company is listed on the exchange or (b) the duration of the Investment Management Agreement:*

- *Raphael Lamm: 17,785,179 shares (2025: 17,785,179 shares)*
- *Mark Landau: 17,785,179 shares (2025: 17,785,179 shares)*

Directors and Director-related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

End of remuneration report.

Directors' Report

Continued

Insurance and indemnification of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Audit and non-audit services

Details of the amounts paid or payable to Ernst & Young for audit and non-audit services provided during the period are set out in Note 20 to the financial statements on page 50 of this report.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 20 did not compromise the external auditor's independence for the following reasons:

(a) all non-audit services have been reviewed and approved by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and

(b) none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants* (including Independence Standards).

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183*, the amounts in the Directors' Report and in the Financial Report have been rounded to the nearest thousand dollars, unless otherwise specified.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19.

This report is made in accordance with a resolution of Directors.

Andrew Larke

Andrew Larke
Chairman

Melbourne

26 August 2026

Auditor’s Independence Declaration

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's independence declaration to the directors of L1 Long Short Fund Limited

As lead auditor for the audit of the financial report of L1 Long Short Fund Limited and for the review of the selective sustainability information in the sustainability report for the financial year ended 30 June 2026, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit and review;

b. No contraventions of any applicable code of professional conduct in relation to the audit and review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit and review.

Ernst & Young

Ernst & Young

E Reekie

Emma Reekie
Partner
26 August 2026

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2026

	Notes	Year ended 30 June 2026 $'000	30 June 2025 $'000
Investment Income			
Net gains on financial instruments at fair value through profit or loss		1,036,002	266,052
Dividend and distribution income		84,483	69,041
Interest income from financial assets at amortised cost		68,630	52,038
Expense reimbursement from Investment Manager	22	834	791
Net foreign exchange gains/(losses)		118,685	(86,398)
Other income		111	1,498
Total income		**1,308,745**	**317,475**
Expenses			
Management fees	22	(35,650)	(26,844)
Performance fees	22	(228,514)	(33,284)
Brokerage expense		(14,783)	(14,453)
Interest expense		(96,829)	(80,096)
Dividend expense on short positions		(29,599)	(24,672)
Stock loan fees		(3,689)	(2,994)
Withholding tax on foreign dividends		(3,196)	(2,597)
Audit fees	20	(90)	(89)
Other expenses		(1,365)	(1,575)
Directors' fees	19	(437)	(422)
Administration fees		(268)	(283)
Total operating expenses		**(414,420)**	**(187,309)**
Profit before income tax attributable to the ordinary equity holders of the Company		**894,325**	**130,166**
Income tax expense	7	(259,738)	(30,648)
Profit after income tax		**634,587**	**99,518**
Other comprehensive income, net of tax		–	–
Total comprehensive income attributable to the ordinary equity holders of the Company		**634,587**	**99,518**

		Cents	Cents
Profits per share for profit attributable to the ordinary equity holders of the Company:			
Basic profits per share	24	**100.41**	15.91
Diluted profits per share	24	**100.41**	15.91

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2026

	Notes	As at 30 June 2026 $'000	As at 30 June 2025 $'000
ASSETS			
Cash and cash equivalents	8	1,903,942	1,408,906
Other receivables	9	312,962	152,389
Receivable from Manager	22	6	76
Financial assets at fair value through profit or loss	10	4,367,443	3,510,150
Prepaid income tax		29,199	6,607
Other current assets		501	418
Total assets		**6,614,053**	**5,078,546**
LIABILITIES			
Broker advances		2,458,288	1,811,645
Other payables	14	137,290	89,816
Financial liabilities at fair value through profit or loss	15	1,275,822	1,132,299
Deferred tax liabilities	13	232,658	81,176
Total liabilities		**4,104,058**	**3,114,936**
Net assets		**2,509,995**	**1,963,610**
EQUITY			
Issued capital	16	1,298,765	1,277,728
Dividend profit reserve	18	1,357,721	832,373
Accumulated losses		(146,491)	(146,491)
Total equity		**2,509,995**	**1,963,610**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2026

	Notes	Issued Capital $'000	Dividend Profit Reserve $'000	Accumulated Losses $'000	Total $'000
Balance as at 1 July 2024		**1,259,096**	**809,292**	**(146,491)**	**1,921,897**
Profit after income tax		–	–	99,518	99,518
Other comprehensive income		–	–	–	–
Total comprehensive income		**–**	**–**	**99,518**	**99,518**
Transactions with owners in their capacity as owners:					
Dividend reinvestment	16	18,632	–	–	18,632
Dividend declared	18	–	(76,437)	–	(76,437)
Transfer to dividend profit reserve account	18	–	99,518	(99,518)	–
		18,632	23,081	(99,518)	(57,805)
Balance as at 30 June 2025		**1,277,728**	**832,373**	**(146,491)**	**1,963,610**
Balance as at 1 July 2025		**1,277,728**	**832,373**	**(146,491)**	**1,963,610**
Profit after income tax		–	–	634,587	634,587
Other comprehensive income		–	–	–	–
Total comprehensive income		**–**	**–**	**634,587**	**634,587**
Transactions with owners in their capacity as owners:					
Dividend reinvestment	16	21,037	–	–	21,037
Dividend declared	18	–	(109,239)	–	(109,239)
Transfer to dividend profit reserve account	18	–	634,587	(634,587)	–
		21,037	525,348	(634,587)	(88,202)
Balance as at 30 June 2026		**1,298,765**	**1,357,721**	**(146,491)**	**2,509,995**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2026

	Notes	Year ended 30 June 2026 $'000	30 June 2025 $'000
Cash flows from operating activities			
Purchase of financial instruments at fair value through profit or loss		(6,124,382)	(5,562,204)
Proceeds from sale of financial instruments at fair value through profit or loss		6,418,722	5,728,820
Net cash received from collateral withdrawal		(129,247)	60,782
Dividend and distribution income received		80,726	64,534
Interest income received from financial assets at amortised cost		69,270	48,902
Expense reimbursement received		904	749
Other income received		110	1,498
Dividends paid on short positions		(30,335)	(23,025)
Stock loan fees paid		(3,715)	(3,027)
Brokerage expense paid		(14,783)	(14,453)
Net GST (paid)/received		(176)	771
Interest paid		(96,188)	(77,910)
Management fees paid		(34,571)	(26,814)
Performance fees paid		(183,569)	(39,423)
Income tax (paid)/refunded		(130,848)	4,978
Other expenses paid		(4,008)	(2,403)
Net cash inflow/(outflow) from operating activities	23	**(182,090)**	**161,775**
Cash flows from financing activities			
Dividends paid		(88,202)	(57,804)
Broker advances received		646,643	538,777
Net cash inflow from financing activities		**558,441**	**480,973**
Net increase in cash and cash equivalents		**376,351**	**642,748**
Cash and cash equivalents at the beginning of the year		1,408,906	855,318
Effects of exchange rate changes on cash and cash equivalents		118,685	(89,160)
Cash and cash equivalents at the end of the year	8	**1,903,942**	**1,408,906**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2026

1. General Information

L1 Long Short Fund Limited (the "Company") is a listed public company domiciled in Australia. The Company's registered address is L1 Capital Pty Ltd, Level 45, 101 Collins Street, Melbourne VIC 3000.

The Company's investment strategy is to invest in a portfolio of predominantly Australian securities with the remaining exposure to global securities (both long and short). The Company's investment objectives are to deliver positive absolute returns to investors while seeking to preserve capital over the long term.

The Company was registered with the Australian Securities and Investments Commission (ASIC) on 14 December 2017, commenced operations on 19 April 2018 and was officially admitted to the Official List of the Australian Securities Exchange on 20 April 2018.

The financial statements were authorised for issue by the Board of Directors on 26 August 2026. The Directors have the power to amend and reissue the financial report.

2. Material Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Company also comply with IFRS as issued by the International Accounting Standards Board.

(ii) New standards and interpretations adopted by the Company

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2025 that have had a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(iii) Historical cost convention

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value.

(iv) Liquidity basis of presentation

The statement of financial position is presented on a liquidity basis, assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. The majority of receivables and payables are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and deferred tax balances.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

(vi) New standards and interpretations not yet adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretation, if applicable when they become effective.

- AASB 18 *Presentation and Disclosure in Financial Statements* (effective for annual periods beginning on or after 1 January 2027)

2. Material Accounting Policies (continued)

(a) Basis of preparation (continued)

(vi) New standards and interpretations not yet adopted (continued)

AASB 18 was issued in June 2024 and replaces AASB 101 *Presentation of Financial Statements*. The new standard introduces new requirements for the statement of comprehensive income, including:

- new categories for the classification of income and expenses into operating, investing and financing categories, and
- presentation of subtotals for “operating profit” and “profit before financing and income taxes”.

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and the primary financial statements and the presentation of interest and dividends in the statement of cash flows. The new standard is effective for annual periods beginning on or after 1 January 2027 and will be applied retrospectively by the Company for the financial year ending 30 June 2028.

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however, there will likely be changes in how the statement of comprehensive income and statement of financial position line items are presented as well as some additional disclosures in the notes to the financial statements. Management is in the process of assessing the impact of the new standard.

AASB 2024-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments* [AASB 7 & AASB 9] (effective for annual periods beginning on or after 1 January 2026).

In July 2024, the AASB issued amendments to AASB 7 *Financial Instruments: Disclosures* and AASB 9 *Financial Instruments.* This amendment amends requirements related to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets with environmental, social and corporate governance and similar features. It also amends disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and adds disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs. The amendments will be effective for annual reporting periods beginning on or after 1 January 2026.

Management is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Other than above, a number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2026, and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Company.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Australian dollars (“$”), which is the Company’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements

Continued

2. Material Accounting Policies (continued)

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Investment income

Profits and losses realised from the sale of investments and unrealised gains and losses on securities at fair value are included in the Statement of Profit or Loss and Other Comprehensive Income in accordance with the policies described in Note 2(j).

(ii) Interest income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

(iii) Dividend and distribution income

Dividend income from financial assets at fair value through profit or loss is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Company currently incurs withholding tax imposed by certain countries on dividend income. Such income is recorded gross of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income. Distributions are recognised on an entitlement basis.

(iv) Other income

The Company recognises other income when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

(d) Expenses

All expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis.

(i) Performance fee

At each reporting date, the Company assesses the likelihood of whether the respective performance fees will be payable. A performance fee in respect of a period is recognised if it is probable that the Company's performance will exceed its high watermark at the end of the relevant measurement period.

(e) Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year.

Prepaid income tax represents the amount of income taxes recoverable in respect to the current periods arising from PAYG (Pay As You Go) income tax instalments paid in excess of the estimated income tax payable for the period.

Current and deferred income tax (expense)/benefit is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

2. Material Accounting Policies (continued)

(e) Income Tax (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

AASB Interpretation 23 *Uncertainty over Income Tax Treatments* requires the evaluation of whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense, including interest and penalties, in the current year in the Statement of Profit or Loss and Other Comprehensive Income. The guidance establishes a minimum threshold for financial statement recognition of positions taken in filing tax returns, including whether an entity is taxable in a particular tax jurisdiction, and requires certain expanded tax disclosures.

(f) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash at broker is included as a component of cash and cash equivalents. This balance is integral to the Company's cash management, to meet its short-term cash commitments, is readily accessible and is subject to an insignificant risk of changes in value.

(g) Broker advances

Broker advances comprise cash paid by brokers on behalf of the Company under the facility in the prime brokerage agreement for the day-to-day settlement of the Company's sales and purchases of financial instruments in foreign currencies. Interest is charged on amounts drawn based on the prime brokerage agreement.

(h) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost. Due from brokers - cash held as collateral (in 'Other receivables' line item of the Statement of Financial Position) pertains to cash held as collateral for derivatives. The cash collateral is held by the broker to meet the margin requirements and will be returned to the Company's main cash account on the close out of the derivative contracts.

(i) Other receivables

Receivables may include amounts for interest and dividends. Dividends are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

2. Material Accounting Policies (continued)

(j) Financial assets and liabilities

Classification

(i) Financial assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured at fair value through profit or loss; and
- Those to be measured at amortised cost.

The Company classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Company's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows. The contractual terms of these assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

(ii) Financial liabilities

The Company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as financial liabilities at fair value through profit or loss.

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (due to brokers, short dividends payable, management fees payable, interest payable and other payables).

Recognition and derecognition

Purchases and sales of financial assets and financial liabilities at fair value through profit or loss are recognised on trade date, the date on which the Company commits to purchase or sell the asset or liability. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligations under the liabilities are discharged.

Measurement

At initial recognition, the Company measures financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial liabilities at fair value through profit or loss are expensed in the Statement of Profit or Loss and Other Comprehensive Income. Financial assets and liabilities (other than those classified at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value and foreign currency translation of financial assets or liabilities at fair value through profit or loss category are presented in the Statement of Profit or Loss and Other Comprehensive Income within net gains on financial instruments at fair value through profit or loss in the period in which they arise. Dividends and interest earned or paid on these instruments are recorded separately in dividend and interest income or expense.

Financial liabilities, other than those classified at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

2. Material Accounting Policies (continued)

(j) Financial assets and liabilities (continued)

Measurement (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

When an investment is disposed, the cumulative gain or loss, net of tax thereon, is recognised as net gains on financial instruments at fair value through profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

Impairment

At each reporting date, the Company shall measure the loss allowance on financial assets at amortised cost (e.g. cash, due from broker) at an amount equal to the lifetime expected credit losses ("ECL") if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12 month expected credit losses. The Company's approach to ECL reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. However, where there has been a significant increase in credit risk since initial recognition, the loss allowance will be based on the lifetime expected credit loss. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that credit risk may have significantly increased. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. Any contractual payment which is more than 90 days past due is considered credit impaired.

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Refer to Note 12 to the financial statements for further information.

(l) Other payables

Payables include liabilities and accrued expenses owed by the Company which are unpaid as at the end of the reporting period.

(m) Issued capital

Ordinary shares are classified as equity and presented as Issued Capital within the Statement of Changes in Equity.

Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the proceeds.

(n) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

In accordance with the *Corporations Act 2001*, the Company may pay a dividend where the Company's assets exceed its liabilities, the payment of the dividend is fair and reasonable to the Company's shareholders as a whole and the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

Notes to the Financial Statements

Continued

2. Material Accounting Policies (continued)

(n) Dividends (continued)

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ("DRP") is in operation under which the shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Participating shareholders are entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant allocation price. The relevant allocation price is the arithmetic average of the daily volume weighted average sale price (calculated to the nearest cent) of shares traded on the ASX over the five trading days commencing on the ex-dividend date for the relevant dividend, without any discount.

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; by
- The weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; by
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(p) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Where applicable, the Company qualifies for RITC at a rate of at least 75%; hence fees for these services have been recognised in the Statement of Profit or Loss and Other Comprehensive Income net of the amount of GST recoverable from the ATO.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

(q) Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183*, the amounts in the Directors' Report and in the Financial Report have been rounded to the nearest thousand dollars, unless otherwise specified.

(r) Comparative revisions

Comparative information is revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Board of the Company has implemented a risk management framework to mitigate these risks.

(a) Market risk

Market risk is defined as the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk, such as equity price risk.

The Directors believe that there is no significant concentration risk in any particular sector or industry.

(i) Price risk

Exposure

The Company is exposed to financial instrument price risk. This arises from financial instruments held by the Company and classified in the Statement of Financial Position as financial assets at fair value through profit or loss.

The Company and the Investment Manager seek to manage the risk that the portfolio will decrease in value over each financial year.

The Investment strategy, investment process, investment guidelines and risk measurement tools used by the Investment Manager are directed towards managing the risk that the portfolio will fall in value whilst targeting an absolute return.

Industry/sector limitations will not be applied to the Company's investment strategy. This is because the Investment Manager believes that there is a wide variability in risk levels between sectors over time and also some correlation between sector based risks such that limits at a portfolio level are more appropriate to manage portfolio risk.

The portfolio is expected to be diversified across a broad range of sectors and industry groups, thereby reducing the risk that portfolio returns will be dependent on the performance of an individual security, sector or industry.

Sensitivity

The following table illustrates the effect on the Company's equity from possible changes in market risk that were reasonably possible based on the risk the Company was exposed to at the reporting date, assuming a flat tax rate of 30%. The analysis is based on the assumption that the net investment portfolio had increased by 5% and 15% or decreased by 5% and 15% with all other variables held constant.

	Impact on net assets		Impact on post-tax income	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Decrease 5%	**(154,581)**	(118,893)	**(108,207)**	(83,225)
Increase 5%	**154,581**	118,893	**108,207**	83,225
Decrease 15%	**(463,743)**	(356,677)	**(324,620)**	(249,674)
Increase 15%	**463,743**	356,677	**324,620**	249,674

Net assets and profit after tax for the year would increase/(decrease) as a result of gains/(losses) on equity securities classified at fair value through profit or loss.

At balance date, the net position of financial assets and liabilities at fair value through profit or loss was $3,091,621,000 (2025: $2,377,851,000).

Notes to the Financial Statements

Continued

3. Financial Risk Management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

Exposure

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

At 30 June 2026	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	1,903,942	–	–	1,903,942
Other receivables	222,246	–	90,716	312,962
Receivable from Investment Manager	–	–	6	6
Financial assets at fair value through profit or loss	–	–	4,367,443	4,367,443
Other current assets	–	–	501	501
	2,126,188	**–**	**4,458,666**	**6,584,854**
Financial liabilities				
Broker advances	(2,458,288)	–	–	(2,458,288)
Other payables	–	–	(137,290)	(137,290)
Financial liabilities at fair value through profit or loss	–	–	(1,275,822)	(1,275,822)
	(2,458,288)	**–**	**(1,413,112)**	**(3,871,400)**
Net exposure to interest rate risk	**(332,100)**	**–**	**3,045,554**	**2,713,454**

At 30 June 2025				
Financial assets				
Cash and cash equivalents	1,408,906	–	–	1,408,906
Other receivables	93,000	–	59,389	152,389
Receivable from Investment Manager	–	–	76	76
Financial assets at fair value through profit or loss	–	–	3,510,150	3,510,150
Other current assets	–	–	418	418
	1,501,906	**–**	**3,570,033**	**5,071,939**
Financial liabilities				
Broker advances	(1,811,645)	–	–	(1,811,645)
Other payables	–	–	(89,816)	(89,816)
Financial liabilities at fair value through profit or loss	–	–	(1,132,299)	(1,132,299)
	(1,811,645)	**–**	**(1,222,115)**	**(3,033,760)**
Net exposure to interest rate risk	**(309,739)**	**–**	**2,347,918**	**2,038,179**

3. Financial Risk Management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity

At 30 June 2026, if interest rates had increased or decreased by 100 (2025: 100) basis points ("bps") from the year end rates with all other variables held constant, net assets would have been $3,321,000 lower/$3,321,000 higher (2025: $3,097,000 lower/$3,097,000 higher) and profit after tax for the year would have been $2,325,000 lower/$2,325,000 higher (2025: $2,168,000 lower/$2,168,000 higher), mainly as a result of higher/lower interest income from cash and cash equivalents, net of broker advances.

(iii) Foreign exchange risk

Exposure

The Company operates internationally and holds both monetary and non-monetary assets and liabilities denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The Investment Manager monitors this risk on an ongoing basis. The Investment Manager manages risk on an absolute return basis in the reporting currency (i.e. Australian dollars), rather than the underlying currencies. Foreign exchange rate risk is managed by depositing surplus foreign currency in a foreign currency account for later use, or by borrowing foreign currency to pay for foreign currency purchases, and then using the foreign currency to repay the borrowing.

The following table summarises the fair value of the Company's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollars.

The Company's exposure to foreign currency risk at the end of the reporting period, monetary and non-monetary, expressed in Australian dollars, was as follows:

30 June 2026	USD $'000	EUR $'000	HKD $'000	GBP $'000	CAD $'000	Others $'000
Monetary						
Cash and cash equivalents	–	1,635	–	–	176,323	2,049
Other receivables	169	6,182	–	8	6,835	18
Broker advances	(1,429,331)	(508,422)	(74,995)	(252,314)	(164,657)	(2,080)
Other payables	(2,771)	(6,247)	(61)	(6,916)	(367)	(48)
Total Monetary	**(1,431,933)**	**(506,852)**	**(75,056)**	**(259,222)**	**18,134**	**(61)**
Non-monetary						
Financial assets at fair value through profit or loss	734,877	489,727	81,460	269,600	727,797	–
Financial liabilities at fair value through profit or loss	(23,426)	(2,739)	–	–	–	–
Total Non-monetary	**711,451**	**486,988**	**81,460**	**269,600**	**727,797**	**–**
Net exposure	**(720,482)**	**(19,864)**	**6,404**	**10,378**	**745,931**	**(61)**

3. Financial Risk Management (continued)

(a) Market risk (continued)

(iii) Foreign exchange risk (continued)

Exposure (continued)

30 June 2025	USD $'000	EUR $'000	HKD $'000	GBP $'000	CAD $'000	Others $'000
Monetary						
Cash and cash equivalents	–	–	4,951	–	10,136	–
Other receivables	7,822	37,360	–	615	–	(1)
Broker advances	(995,270)	(350,613)	(57,706)	(194,439)	(116,898)	(95,763)
Other payables	(29,882)	(3,987)	–	(2,923)	(338)	–
Total Monetary	**(1,017,330)**	**(317,240)**	**(52,755)**	**(196,747)**	**(107,100)**	**(95,764)**
Non-monetary						
Financial assets at fair value through profit or loss	564,817	314,375	52,646	258,237	662,014	–
Financial liabilities at fair value through profit or loss	(83,802)	(1,486)	–	–	–	–
Total Non-monetary	**481,015**	**312,889**	**52,646**	**258,237**	**662,014**	**–**
Net exposure	**(536,315)**	**(4,351)**	**(109)**	**61,490**	**554,914**	**(95,764)**

Sensitivity

The analysis is based on the assumption that the Australian dollar weakened and strengthened by 15% against the foreign currencies to which the Company's monetary securities are exposed. The impact on post-tax profit for the period would be as follows:

	Impact on net assets		Impact on post-tax income	
	30 June 2026 $'000	30 June 2025 $'000	30 June 2026 $'000	30 June 2025 $'000
USD/AUD exchange rate – (increase) 15% (2025: 15%)	(214,790)	(152,600)	(150,353)	(106,820)
USD/AUD exchange rate – decrease 15% (2025: 15%)	214,790	152,600	150,353	106,820
EUR/AUD exchange rate – (increase) 15% (2025: 15%)	(76,028)	(47,586)	(53,219)	(33,310)
EUR/AUD exchange rate – decrease 15% (2025: 15%)	76,028	47,586	53,219	33,310
HKD/AUD exchange rate – (increase) 15% (2025: 15%)	(11,258)	(7,913)	(7,881)	(5,542)
HKD/AUD exchange rate – decrease 15% (2025: 15%)	11,258	7,913	7,881	5,542
GBP/AUD exchange rate – (increase) 15% (2025: 15%)	(38,883)	(29,512)	(27,218)	(20,658)
GBP/AUD exchange rate – decrease 15% (2025: 15%)	38,883	29,512	27,218	20,658
CAD/AUD exchange rate – (increase) 15% (2025: 15%)	2,720	(16,065)	1,904	(11,246)
CAD/AUD exchange rate – decrease 15% (2025: 15%)	(2,720)	16,065	(1,904)	11,246
Others/AUD exchange rate – (increase) 15% (2025: 15%)	(9)	(14,365)	(6)	(10,055)
Others/AUD exchange rate – decrease 15% (2025: 15%)	9	14,365	6	10,055

3. Financial Risk Management (continued)

(b) Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Under the arrangements which the Company has entered into to facilitate stock borrowing for covered short selling, borrowed stock (classified as financial liabilities at fair value through profit or loss) is collateralised by the long stock portfolio (classified as financial assets at fair value through profit or loss). If the stock borrowing counterparty became insolvent, it is possible that the Company may not recover all of the collateral that the Company gave to the counterparty. The collateral on securities sold short is set at 100% of the borrowed stock.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements. The Company is also exposed to counterparty credit risk on cash and cash equivalents, amounts due from brokers and other receivables.

Financial assets measured at amortised cost

The Company determines credit risk and measures expected credit losses for financial assets at amortised cost using probability of default, exposure at default and loss given default. The Board considers both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2026 and 30 June 2025, all receivables, amounts due from brokers, cash and short-term deposits were held with counterparties with a credit rating of A- or higher and were either callable on demand or due to be settled within 1 week. The Board considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

The Company manages credit risk by only entering into agreements with investment grade counterparties.

At 30 June 2026, the long-term credit ratings of the Company's bank, prime brokers and debtors as per Standard and Poor's were as follows:

	2026	2025
National Australia Bank	**AA-**	AA-
Morgan Stanley & Co. International plc	**A-**	A-
Macquarie Bank Limited	**A+**	A+
Merrill Lynch	**A-**	A-
Goldman Sachs International	**A**	A+
JP Morgan	**A**	AA-
L1 Capital Pty Ltd	**N/A**	N/A

The Company's cash at bank is held mainly with National Australia Bank. The Company held 44.93% of cash at broker with Goldman Sachs International, 6.03% with Merrill Lynch, 25.45% with J.P. Morgan and the remaining with Morgan Stanley (2025: 38.88% of cash at broker with Goldman Sachs International, 13.15% with Merrill Lynch and the remaining with Morgan Stanley). The Investment Manager monitors the financial position of the counterparties on a regular basis.

Financial assets measured at fair value through profit or loss

The credit risk factors relating to the over-the-counter derivatives have been considered and credit valuation adjustments for counterparty credit risk for own credit risk have been assessed to be not significant in the current period.

The Company is exposed to credit risk on derivative assets. These classes of financial assets are not subject to AASB 9's impairment requirements as they are measured at fair value through profit or loss. The carrying value of these assets represents the Company's maximum exposure to credit risk on financial instruments not subject to the AASB 9's impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

Notes to the Financial Statements

Continued

3. Financial Risk Management (continued)

(c) Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Investment Manager manages liquidity risk by monitoring the asset size of the Company as a whole on executing transactions.

The assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary. Accordingly, the Company is not considered to be exposed to material liquidity risk.

Maturities of financial liabilities

All non-derivative financial liabilities of the Company have maturities of less than 1 month.

Maturities of net settled derivative financial instruments

All net settled derivative financial instruments of the Company have maturities of 1 to 6 months.

4. Fair Value Measurements

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Equity securities
- Derivatives
- Listed unit trusts

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB *13 Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as listed equity securities and futures) is based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Company is the last sale price. When the Company holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

4. Fair Value Measurements (continued)

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, including equity swaps, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of an option contract is determined by applying the Black Scholes option valuation model which includes inputs such as underlying share prices, their volatility over time, and liquidity discounts that may be used for measuring the fair value of these options and derivatives of a similar nature.

(iii) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value:

At 30 June 2026	Level 1 $'000	Level2 $'000	Level3 $'000	Total $'000
Financial assets at fair value through profit or loss				
Equity swaps	–	26,903	–	26,903
Australian share price index futures	7,845	–	–	7,845
Commodity futures	69,611	–	–	69,611
Australian listed equity securities	2,056,136	–	–	2,056,136
International listed equity securities	2,206,948	–	–	2,206,948
Total financial assets at fair value through profit or loss	**4,340,540**	**26,903**	**–**	**4,367,443**
Financial liabilities at fair value through profit or loss				
Australian listed equity securities	1,249,656	–	–	1,249,656
International listed equity securities	26,166	–	–	26,166
Total financial liabilities at fair value through profit or loss	**1,275,822**	**–**	**–**	**1,275,822**

Notes to the Financial Statements

Continued

4. Fair Value Measurements (continued)

(iii) Recognised fair value measurements (continued)

At 30 June 2025	Level 1 $'000	Level2 $'000	Level3 $'000	Total $'000
Financial assets at fair value through profit or loss				
Equity swaps	–	1,450	–	1,450
Australian share price index futures	1,929	–	–	1,929
Commodity futures	6,760	–	–	6,760
Australian listed equity securities	1,655,142	–	–	1,655,142
International listed equity securities	1,844,869	–	–	1,844,869
Total financial assets at fair value through profit or loss	**3,508,700**	**1,450**	**–**	**3,510,150**
Financial liabilities at fair value through profit or loss				
Equity swaps	–	1,835	–	1,835
Australian listed equity securities	1,046,662	–	–	1,046,662
International listed equity securities	83,802	–	–	83,802
Total financial liabilities at fair value through profit or loss	**1,130,464**	**1,835**	**–**	**1,132,299**

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy for the year ended 30 June 2026 and 30 June 2025.

(iv) Disclosed fair values

For all financial instruments other than those measured at fair value, their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables are reasonable approximations of their fair values due to their short-term nature.

5. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Income taxes

The Company has recognised deferred tax liabilities from unrealised gains on financial instruments and other temporary differences of $232,684,000 at 30 June 2026 (30 June 2025: $81,180,000) and deferred tax assets relating to other temporary differences of $26,000 at 30 June 2026 (30 June 2025: $4,000). Refer to Note 13 for further discussion of accounting for deferred taxes.

Uncertain taxes

For the year ended 30 June 2026, the Directors have evaluated the Company's tax positions and conducted that no recognition of uncertain tax position is required in the Company's financial statements.

The Company identifies its major tax jurisdictions as those where the Company is domiciled and makes significant investments. The Directors do not believe there are positions for which it is reasonably possible that the total amounts of unrecognised tax liabilities will materially change within 12 months of the reporting date.

Financial instruments

For the majority of the Company's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. For more information on how fair value is calculated please see Note 4 to the financial statements.

For financial instruments measured at amortised cost, the expected credit loss impairment assessment considers the probability of default which was assessed to be insignificant.

6. Segment Information

The Company has only one reportable segment. The Company operates in one industry being the securities industry, deriving revenue from dividend and trust distribution income, interest income and from the sale of its trading portfolio.

Notes to the Financial Statements

Continued

7. Income Tax Expense

(a) Income tax expense through profit or loss

	Year ended	
	30 June 2026 $'000	30 June 2025 $'000
Income tax expense	259,738	30,648
	259,738	**30,648**
Income tax expense composition:		
Current income tax expense	108,255	25,286
Deferred income tax expense	151,483	5,362
	259,738	**30,648**
Income tax expense is attributable to:		
Profit from continuing operations	**259,738**	**30,648**

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Year ended	
	30 June 2026 $'000	30 June 2025 $'000
Profit from continuing operations before income tax expense	894,325	130,166
Tax at the Australian tax rate of 30% (2025: 30%)	268,298	39,050
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Imputation credit and foreign income tax credit gross up	(8,560)	(8,402)
Income tax expense	**259,738**	**30,648**
The applicable weighted average effective tax rates are as follows:	29.04%	23.55%

8. Cash and Cash Equivalents

	As at	
	30 June 2026 $'000	30 June 2025 $'000
Cash at bank	3,842	3,757
Cash at broker	1,900,100	1,405,149
	1,903,942	**1,408,906**

9. Other Receivables

	As at	
	30 June 2026 $'000	30 June 2025 $'000
Dividends and distribution receivable	2,183	2,240
Interest receivable	2,842	3,482
GST receivable	601	439
Withholding tax receivable	1,552	934
Due from brokers	81,698	52,294
Due from brokers – cash held as collateral	222,246	93,000
Other Receivables	1,840	–
	312,962	**152,389**

Notes to the Financial Statements

Continued

10. Financial Assets at Fair Value through Profit or Loss

	As at	
	30 June 2026 $'000	30 June 2025 $'000
Equity swaps	26,903	1,450
Australian share price index futures	7,845	1,929
Commodity futures	69,611	6,760
Australian listed equity securities	2,056,136	1,655,142
International listed equity securities	2,206,948	1,844,869
Total financial assets at fair value through profit or loss	**4,367,443**	**3,510,150**

Listed securities are readily saleable with no fixed terms.

Changes in fair values of financial assets at fair value through profit or loss are recorded in net gains on financial instruments at fair value through profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

(a) Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 7,785 (2025: 7,124). Each investment transaction may involve multiple contract notes.

The total brokerage paid on these contract notes was $14,783,000, inclusive of GST (2025: $14,453,000).

(b) Risk exposure and fair value measurements

Information about the Company's exposure to price risk and about the methods and assumptions used in determining fair value is provided in Note 3 and Note 4 to the financial statements.

11. Derivative Financial Instruments

In the normal course of business, the Company enters into transactions in derivative financial instruments with certain risks. A derivative is a financial instrument or other contract whose value depends on, or is derived from, underlying assets, liabilities or indices. Derivative transactions include a wide assortment of instruments, such as forwards, futures, options and swaps.

Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Company's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multi-faceted and includes:

- hedging to protect an asset of the Company against a fluctuation in market values or to reduce volatility;
- as a substitute for physical securities; and
- adjustment of asset exposures within the parameters set out in the investment strategy.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

11. Derivative Financial Instruments (continued)

The Company holds the following derivative instruments from time to time:

Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange.

Equity/index swaps

An equity/index swap is an agreement between counterparties to exchange a set of payments, determined by a stock or index return, with another set of payments (usually an interest-bearing (fixed or floating rate) instrument, but they can also be the return on another stock or index). Equity/index swaps are used to substitute for a direct transaction in stock. The two cash flows are usually referred to as "legs". As with other swaps, the difference in the payment streams is netted.

The Company's derivative financial instruments at year end are detailed below:

		Fair values	
30 June 2026	Notional values $'000	Assets $'000	Liabilities $'000
Equity swaps	137,633	26,903	–
Australian share price index futures	(929,545)	7,845	–
Commodity futures	(593,660)	69,611	–
30 June 2025			
Equity swaps	32,124	1,450	1,835
Australian share price index futures	(739,614)	1,929	–
Commodity futures	(354,009)	6,760	–

Risk exposures and fair value measurements

Information about the Company's exposure to price risk, credit risk, foreign exchange risk, interest rate risk and liquidity risk and about the methods and assumptions used in determining fair values is provided in Note 3 and Note 4 to the financial statements.

Notes to the Financial Statements

Continued

12. Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities are presented net in the Statement of Financial Position where the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Certain derivative and non-derivative financial assets and liabilities are subject to legally enforceable master netting arrangements and similar agreements, including International Swaps and Derivatives Association (ISDA) master netting agreements and Prime Brokerage agreements. These arrangements do not meet the criteria for offsetting in the Statement of Financial Position.

In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under an ISDA and Prime Brokerage agreements are terminated, the termination value is assessed and only a net amount is payable in settlement of all transactions.

The tables below set out the carrying amounts of recognised financial assets and liabilities that are subject to the above arrangements, together with collateral held or pledged against these assets and liabilities as at 30 June 2026 and 2025:

30 June 2026	Gross amounts $'000	Amounts set off in the Statement of Financial Position $'000	Net amounts presented in the Statement of Financial Position $'000	Amounts that do not meet offsetting criteria $'000	Net amount $'000
Derivative assets*					
Australian share price index futures	7,845	–	7,845	–	7,845
Commodity futures	69,611	–	69,611	–	69,611
Equity swaps	26,903	–	26,903	–	26,903
Non-derivative asset / (liability)**					
Broker balances – asset/(liability)	1,900,100	–	1,900,100	(2,458,288)	(558,188)
30 June 2025					
Derivative assets*					
Australian share price index futures	1,929	–	1,929	–	1,929
Commodity futures	6,760	–	6,760	–	6,760
Equity swaps	1,450	–	1,450	–	1,450
Derivative liabilities*					
Equity swaps	(1,835)	–	(1,835)	–	(1,835)
Non-derivatives**					
Broker balances – asset/(liability)	1,405,149	–	1,405,149	(1,811,645)	(406,496)

** Cash collateral is provided for derivative contracts amounting to $222,246,000 (2025: $93,000,000). The cash collateral is held by the broker to meet the margin requirements and will be returned to the Company's main cash account on the close out of the derivative contracts. This is included in Other receivables, see Note 9.*

*** Under the prime brokerage agreements, cash at broker amounting to $1,900,100,000 (2025: $1,405,149,000) does not qualify for offset against broker advances amounting to $2,458,288,000 (2025: $1,811,645,000).*

13. Deferred Taxes

	As at	
	30 June 2026 $'000	30 June 2025 $'000
The balance comprises temporary differences attributable to:		
Deferred tax assets		
Other temporary differences	26	4
Deferred tax assets	26	4
Deferred tax liabilities		
Net unrealised gains on investments	232,644	80,508
Other temporary differences	40	672
Deferred tax liabilities	232,684	81,180
Deferred tax (liabilities)/assets, net	**(232,658)**	**(81,176)**

	As at	
	30 June 2026 $'000	30 June 2025 $'000
Movements:		
Deferred tax assets		
Opening balance	4	163
Debited/(Credited):		
Directly to profit or loss	22	(159)
Closing balance, Deferred tax assets	**26**	**4**
Deferred tax liabilities		
Opening balance	81,180	76,193
Debited/(Credited):		
Directly to profit or loss	151,504	4,987
Closing balance, Deferred tax liabilities	**232,684**	**81,180**
Closing balance, Deferred tax (liabilities)/assets, net	**(232,658)**	**(81,176)**

Notes to the Financial Statements

Continued

14. Other Payables

	As at	
	30 June 2026 $'000	30 June 2025 $'000
Management fees payable	3,509	2,430
Performance fees payable	78,510	33,565
Interest payable	4,346	3,792
Due to brokers	48,970	46,920
Short dividends payable	1,540	2,815
Other payables	415	294
	137,290	**89,816**

Other payables are unsecured and are usually paid within 30 days of recognition.

Due to their short-term nature, the carrying amounts of other payables are reasonable approximations of their fair values.

15. Financial Liabilities at Fair Value through Profit or Loss

	As at	
	30 June 2026 $'000	30 June 2025 $'000
Equity swaps	-	1,835
Australian listed equity securities	1,249,656	1,046,662
International listed equity securities	26,166	83,802
Total financial liabilities at fair value through profit or loss	**1,275,822**	**1,132,299**

When the Company sells securities it does not possess, it has to cover this short position by acquiring securities at a later date and is therefore exposed to price risk of those securities sold short. The sales agreement is usually settled by delivering borrowed securities. However, the Company is required to return those borrowed securities at a later date.

16. Issued Capital

(a) Share capital

	Notes	30 June 2026 Shares '000	30 June 2025 Shares '000	30 June 2026 $'000	30 June 2025 $'000
Ordinary Shares	16(c)	634,669	628,940	1,324,106	1,303,069

(b) Movements in issued capital

	Notes	Shares '000	$'000
Opening balance – 30 June 2025	16(d)	628,940	1,277,728
Dividend reinvestment		5,729	21,037
Closing balance – 30 June 2026		**634,669**	**1,298,765**
Opening balance – 30 June 2024	16(d)	622,413	1,259,096
Dividend reinvestment		6,527	18,632
Closing balance – 30 June 2025		**628,940**	**1,277,728**

16. Issued Capital (continued)

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Shares issued

The Company's on-market share buy-back program of up to 10% of its shares remained in place during the year and has been renewed for a period up until 31 May 2027. No shares were bought back over the year ended 30 June 2026 (2025: Nil). The Company has the discretion to buy back shares when market conditions and share prices are appropriate.

Under the Investment Management Agreement (IMA), the owners of the Investment Manager will reinvest their after-tax proceeds from any performance fees (Performance Fee Reinvestment Amount) into shares in the Company. The Company will determine whether to issue new shares or the owners of the Investment Manager will acquire shares on-market based on the criteria set-out in the IMA. During the reporting year, there was no reinvestment of performance fee, consequently the Company issued no ordinary shares. A summary of the key terms of the Company's performance fee calculation and reinvestment arrangements is contained in Section 9.1 of the Company's Prospectus which was issued on 16 February 2018.

(e) Capital risk management

The Board of Directors will actively manage the capital of the Company. The overriding intention is to deliver value to shareholders.

To achieve this, the Board monitors the monthly NTA results, investment performance, the Company's indirect cost ratio and share price movements.

The Company is not subject to any externally imposed capital requirements.

17. Dividends

(a) Dividend rate

	Declaration Date	Paid/ payable Date	Amount per Share (cents)	Franked Amount per Share (cents)
FY25 Final dividend	27 August 2025	7 October 2025	6.50c	6.50c
FY26 Interim dividend	11 November 2025	5 December 2025	3.50c	3.50c
FY26 Interim dividend	20 February 2026	20 March 2026	3.60c	3.60c
FY26 Interim dividend	21 May 2026	22 June 2026	3.70c	3.70c
FY26 Final dividend determined	26 August 2026	23 September 2026	3.80c	3.80c

Notes to the Financial Statements

Continued

17. Dividends (continued)

(b) Dividend franking account

	2026 $'000	2025 $'000
The amount of franking credits for subsequent financial years are:		
• Franking account balance as at the end of the financial year at tax rate of 30% (2025: 30%)	290,921	197,889
• Franking credits that will arise from the payment/(refund) of income tax payable/(prepaid) as at the end of the financial year	(29,199)	(6,607)
	261,722	191,282
The amount of franking credits available for future reporting periods:		
• Impact on the franking credit account of the dividend declared but not recognised as a liability at the end of the financial year at tax rate of 30% (2025: 30%)	(10,336)	(17,520)
	251,386	**173,762**

The Company's ability to pay franked dividends is dependent upon receipt of franked dividends from investments and the Company paying tax.

18. Dividend Profit Reserve

The dividend profit reserve is made up of amounts allocated from retained earnings that are preserved for future dividends payments. The allocation is determined at the end of each half-year where the Company reported a profit subject to the approval of the Directors.

	As at	
Movement in Dividend Profit Reserve	30 June 2026 $'000	30 June 2025 $'000
Balance at the beginning of the year	832,373	809,292
Transferred from current period profits	634,587	99,518
Dividend declared	(109,239)	(76,437)
Closing balance at the end of the year	**1,357,721**	**832,373**

The transfers of $414,888,000 and $219,699,000 were made to the reserve upon approval of the Board.

The balance of the dividend profit reserve as of 30 June 2026 is $1,357,721,000 (2025: $832,373,000).

19. Key Management Personnel Disclosures

(a) Key management personnel compensation

	Year ended	
	30 June 2026 $	30 June 2025 $
Short-term employee benefits	413,590	400,238
Post-employment benefits	23,410	21,762
	437,000	**422,000**

Detailed remuneration disclosures are provided in the remuneration report.

(b) Equity instrument disclosures relating to key management personnel

Shareholdings

The number of shares in the Company held during the financial year by each Director of the Company and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

30 June 2026	Balance at the start of the year Number of Shares	Acquisitions Number of Shares	Disposals Number of Shares	Balance at end of the year Number of Shares
Directors of L1 Long Short Fund Limited				
Andrew Larke	1,311,796	50,083	–	1,361,879
John Macfarlane	726,199	34,009	–	760,208
Harry Kingsley	29,047	19,685	–	48,732
Raphael Lamm*	49,812,548	2,450,619	–	52,263,167
Mark Landau*	52,920,433	1,157,186	–	54,077,619
	104,800,023	**3,711,582**	**–**	**108,511,605**

30 June 2025				
Directors of L1 Long Short Fund Limited				
Andrew Larke	1,208,275	103,521	–	1,311,796
John Macfarlane	696,019	30,180	–	726,199
Harry Kingsley	27,840	1,207	–	29,047
Raphael Lamm*	47,169,002	2,643,546	–	49,812,548
Mark Landau*	50,147,726	2,772,707	–	52,920,433
	99,248,862	**5,551,161**	**–**	**104,800,023**

** Ordinary shares held by the following Directors are subject to voluntary escrow for a period which is the shorter of the period of (a) 10 years from the date that the Company is listed on the exchange or (b) the duration of the Investment Management Agreement:*

- *Raphael Lamm: 17,785,179 shares (2025: 17,785,179 shares)*
- *Mark Landau: 17,785,179 shares (2025: 17,785,179 shares)*

All of the key management personnel held shares during the years ended 30 June 2026 and 30 June 2025.

Notes to the Financial Statements

Continued

20. Remuneration of Auditors

During the year, the following fees were paid or payable for services provided by the auditor of the Company and its related practices:

	Year ended	
	30 June 2026 $	30 June 2025 $
Fees to Ernst & Young (Australia)		
Audit services		
Audit and review of financial reports	99,700	96,700
Review of selected sustainability information	40,000	–
Audit-related services		
Agreed-upon procedures related to the financial statement audit	45,200	43,900
Other assurance services	45,000	37,000
Tax compliance and other governance services	47,571	80,000
Total fees to Ernst & Young (Australia)	**277,471**	**257,600**
Fees to other overseas member firms of Ernst & Young (Australia)	**–**	–
Total auditor's remuneration	**277,471**	**257,600**

The Investment Manager, on behalf of the Company, records and pays the fees for Ernst & Young's income tax return filing services. The Company's Audit and Risk Committee oversees the relationship with the Company's External Auditors. The Audit and Risk Committee reviews the scope of the audit and the proposed fee.

21. Contingent Assets and Liabilities and Commitments

The Company had no contingent assets, liabilities or commitments as at 30 June 2026 (2025: Nil).

22. Related Party Transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 19.

(b) Transactions with other related parties

All transactions with related entities were made under normal commercial terms and conditions at arm's length no more favourable than those available to other parties unless otherwise stated.

L1 Capital is entitled to be paid a management fee equal to 1.40% (plus GST) per annum of the value of the portfolio calculated daily.

22. Related Party Transactions (continued)

(b) Transactions with other related parties (continued)

Management fees (inclusive of the net impact of GST and RITC) incurred during the year amounted to $35,650,000 (2025: $26,844,000) of which $3,509,000 (2025: $2,430,000) remained payable as at year end.

In addition, L1 Capital is entitled to be paid by the Company a fee equal to 20.00% (plus GST) of the Portfolio's outperformance, if any, over each performance calculation period, subject to a high watermark mechanism.

Performance fees (inclusive of the net impact of GST and RITC) incurred during the year amounted to $228,514,000 (2025: $33,284,000). Performance fees payable as of 30 June 2026 amounted to $78,510,000 (2025: $33,565,000).

The expense recoveries borne by the Company are paid directly to the service provider and are subsequently reimbursed by the Investment Manager. Expense recoveries include ASX fees, ASIC fees, custodian, administrator, tax professional fees and other expenses. Total amount reimbursed by the Investment Manager for the year ended 30 June 2026 was $834,000 (2025: $791,000), of which $6,000 (2025: $76,000) was receivable at year end.

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

23. Reconciliation of Profit After Income Tax to Net Cash Inflow/(Outflow) from Operating Activities

	Year ended	
	30 June 2026 $'000	30 June 2025 $'000
Profit for the year	634,587	99,518
Purchase of financial instruments at fair value through profit or loss	(6,124,382)	(5,562,204)
Proceeds from sale of financial instruments at fair value through profit or loss	6,418,722	5,728,820
Net gains on financial instruments at fair value through profit or loss	(1,036,002)	(283,267)
Dividend reinvestment from financial assets through profit or loss	539	244
Effects of foreign currency exchange rate changes on cash and cash equivalents	(118,685)	89,160
Change in operating assets and liabilities		
(Increase)/Decrease in other receivables	(131,100)	56,485
(Increase)/Decrease in prepaid income tax	(22,592)	30,480
(Increase)/Decrease in other current assets	(83)	97
(Increase)/Decrease in deferred tax assets	(22)	159
(Decrease)/Increase in other payables	45,424	(2,704)
Increase in deferred tax liabilities	151,504	4,987
Net cash inflow/(outflow) from operating activities	**(182,090)**	**161,775**

Notes to the Financial Statements

Continued

24. Profits Per Share

(a) Basic profits per share

	Year ended	
	30 June 2026 Cents	30 June 2025 Cents
Basic profits per share attributable to the ordinary equity holders of the Company	**100.41**	15.91

(b) Diluted profits per share

	Year ended	
	30 June 2026 Cents	30 June 2025 Cents
Diluted profits per share attributable to the ordinary equity holders of the Company	**100.41**	15.91

Diluted profits per share are the same as basic profits per share.

(c) Weighted average number of shares used as denominator

	Year ended	
	30 June 2026 Number of shares	30 June 2025 Number of shares
Weighted average number of ordinary shares used as the denominator in calculating basic profits per share	**631,979,162**	625,496,078
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted profits per share	**631,979,162**	625,496,078

25. Events Occurring after the Reporting Period

On 26 August 2026, the Directors declared a fully franked final dividend of 3.80 cents per share with a record date of 2 September 2026 and payable to the shareholders on 23 September 2026.

The DRP is in operation under which the shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant allocation price. The relevant allocation price is the arithmetic average of the daily volume weighted average sale price (calculated to the nearest cent) of shares traded on ASX over the five trading days commencing on the ex-dividend date for the relevant dividend, without any discount. The last day for the receipt of an election notice for participation in the DRP is 3 September 2026.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

26. Investment Portfolio as at 30 June 2026

Company name

AGL Energy
Alcoa
Amcor
Ampol
Anteris Technologies
Artemis Gold
ASX
Aurizon
Ausgold
B2Gold
Beach Energy
BHP
BlueScope Steel
BMC Minerals
Brambles
Capstone Copper
Capstone Mining
Cellnex Telecom
Centerra Gold
CK Hutchison
Commonwealth Bank
Compagnie De Saint Gobain
CRH
Dexus
Downer
DPM Metals
Eldorado Gold
Emerald Resources
Equinox Gold
Evolution Mining
First Quantum Minerals
Fortescue
Fraport
Genesis Minerals
Gold (Futures)
Goodman Group
Heidelberg Materials
Hudbay Minerals
Imdex
James Hardie
K92 Mining
Lendlease
Light & Wonder
Lindian
Lloyds Bank
Lynas Rare Earths
Mineral Resources
National Australia Bank
National Bank of Greece
Natwest
News Corp
Nexgen Energy
Nickel Mines
OceanaGold
Origin Energy
Peet
Piraeus Financial
PLS Group
Qantas
Ramelius Resources
Rightmove
Rox Resources
Sandfire Resources
Santos
Southern Copper
SPI 200 (Futures)
Tabcorp
Taseko Mines
Telstra
The Lottery Company
West African Resources
Westgold Resources
Westpac
Woodside Energy
Worley

Total Long Portfolio ($'000)	4,367,443
Total Short Portfolio ($'000)	1,275,822
Net Equity Portfolio ($'000)	3,091,621

Consolidated Entity Disclosure Statement

For the year ended 30 June 2026

Disclosure of subsidiaries and their country of tax residency, as required by the *Corporations Act 2001*, does not apply to the Company as the Company is not required by accounting standards to prepare consolidated financial statements.

Directors' Declaration

In the opinion of the Directors of L1 Long Short Fund Limited:

(a) the financial statements and notes set out on pages 20 to 54 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Company's financial position as at 30 June 2026 and of its performance for the year ended on that date; and

(b) the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act 2001* is true and correct; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Joint Managing Directors of the Investment Manager required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Andrew Larke
Independent Chairman

Melbourne
26 August 2026

Independent Auditor's Report

To the Members of L1 Long Short Fund Limited

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent auditor's report to the members of L1 Long Short Fund Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of L1 Long Short Fund Limited (the Company), which comprises the statement of financial position as at 30 June 2026, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Company's financial position as at 30 June 2026 and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Investment existence, valuation and classification

Why significant	How our audit addressed the key audit matter
The Company has a significant investment portfolio consisting of securities in listed equities, exchange traded funds, equity swaps, and futures contracts. As at 30 June 2026, the values of these financial assets and financial liabilities as disclosed in Notes 10 and 15 of the financial report, were $4,367,443,000 and $1,275,822,000 respectively, which equate to 66.03% and 31.09% of the total assets and total liabilities of the Company. As disclosed in the Company's accounting policy in Note 2(j) of the financial report, these financial assets and financial liabilities are measured at fair value through profit or loss in accordance with the requirements of Australian Accounting Standards. Pricing, exchange rates and other market drivers can have a significant impact on the valuation of these financial assets and financial liabilities. Accordingly, existence, valuation and classification of the investment portfolio were considered a key audit matter.	Our audit procedures included the following: We obtained and considered the assurance report on the controls of the Company's administrator, in relation to the fund administration services for the year ended 30 June 2026 and assessed the auditor's competence and objectivity, and the results of their audit procedures. We independently obtained investment and cash confirmations from the Company's custodians, prime brokers, counterparties and banks. We assessed whether the fair values of financial assets and financial liabilities were determined in accordance with the relevant Australian Accounting Standards. Our procedures further included: ▪ For listed securities, the values were agreed to independently sourced market prices. ▪ For derivatives, we recalculated their fair value based on independently sourced observable market inputs. We assessed the adequacy and appropriateness of the disclosures included in Notes 2 (j), 3, 4, 10, 11, 12 and 15 to the financial report.

2. Management and performance fees

Why significant	How our audit addressed the key audit matter
Management and performance fees paid to L1 Capital Pty Ltd ("L1" or the "Manager") for the year ended 30 June 2026 totalled $35,650,000 and $228,514,000, which equates to 8.60% and 55.14% of total expenses respectively. The Company's accounting policy for management and performance fees is disclosed in Note 22 of the financial report. The management fee is calculated daily and paid monthly in arrears. The Manager is entitled to be paid a monthly management fee equal to 1.4% (plus GST) per annum of the value of the portfolio.	Our audit procedures included the following: We assessed the effectiveness of the relevant controls in relation to the calculation of management and performance fees of the Company's administrator which has responsibility for the calculations. We recalculated management and performance fees in accordance with relevant service arrangements including agreeing the contract rate to the calculations. We assessed the performance fee calculation, including testing the inputs into the calculation model, and assessed whether the calculation

Independent Auditor's Report

Continued

Page 3

Why significant	How our audit addressed the key audit matter
Performance fees are recognised when the performance hurdles for the Company have been met at the end of the relevant measurement period, which is the date that the performance criteria are met, and the obligation has crystallised. The quantum of these expenses, the impact that market volatility can have on the recognition of performance fees and the complexity involved in the assessment of performance fee arrangements resulted in management and performance fees being considered a key audit matter.	was in accordance with the relevant services agreement. We assessed the adequacy and appropriateness of the disclosures included in Note 22 to the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2026 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and;

- The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

- The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

EY
Shape the future with confidence

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 17 of the directors’ report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of L1 Long Short Fund Limited for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

E Reekie

Emma Reekie
Partner
Melbourne
26 August 2026

Sustainability Report 2026

Section 1: Basis of preparation

1.1 Compliance with Australian Sustainability Reporting Standards ("ASRS") as issued by the Australian Accounting Standards Board ("AASB")

This Sustainability Report of L1 Long Short Fund Limited ("LSF" or "the Company") has been prepared in accordance with AASB S2 Climate-related Disclosures, as issued by the Australian Accounting Standards Board, and the requirements of the *Corporations Act 2001*.

The disclosures include material information about climate-related risks and opportunities that could reasonably be expected to affect the Company's prospects. In preparing these disclosures, the Company has applied the materiality requirements in AASB S2 and exercised judgement in determining which climate-related information is material to primary users of the Company's Financial Report. The currency of the Company is Australian dollars.

The report was approved and authorised for issue by the Board of Directors on 26 August 2026 and should be read in conjunction with the Company's Financial Report for the year ended 30 June 2026.

1.2 Reporting Scope

This Sustainability Report relates solely to L1 Long Short Fund Limited and covers the reporting period from 1 July 2025 to 30 June 2026. The reporting boundary is aligned with the Company as the reporting entity in its Financial Report and covers the same 12-month reporting period.

The Company is reporting under AASB S2 for the first time for its annual reporting period ending 30 June 2026.

AASB S2 provides transition reliefs, available under Appendix C, for the first annual reporting period in which an entity applies the standard. The Company has applied the following transition reliefs:

- Relief from disclosing Scope 3 greenhouse gas emissions in AASB S2 C4(b), and
- Relief from the requirement to disclose comparative information in the first reporting period in AASB S2 C3.

The report does not include the operations or climate-related disclosures of the Investment Manager or other entities within the broader L1 Group, except where those activities are relevant to the management of the Company's investment portfolio or governance arrangements.

1.3 Limitations, Judgements, Estimates and Assumptions

Climate-related financial information is subject to inherent uncertainty and estimation limitations. These include the unpredictable nature of climate outcomes, the long-term time horizons over which physical and transition risks may emerge, evolving regulatory developments, and a reliance on third-party data and methodologies that are still maturing globally.

These estimates and assumptions were developed using reasonable and supportable information available without undue cost or effort, including portfolio information, information provided by the Investment Manager, third-party data and relevant external proxies.

1.4 Forward-looking Statements

The high level of measurement uncertainty means that actual financial and operational outcomes may differ materially from the forward-looking statements expressed or implied in this report.

These statements reflect estimates and assumptions considered reasonable by the Board based on information available at the reporting date but are not guarantees of future performance.

Sustainability Report 2026

Continued

Section 2: Overview of operations and value chain

2.1 Overview

L1 Long Short Fund Limited is an externally managed listed investment company incorporated in Australia and listed on the Australian Securities Exchange.

The Company's principal activity is investing in a diversified portfolio of predominantly Australian and New Zealand listed securities, with limited exposure to global listed securities, in accordance with its investment mandate.

The Company does not employ staff or undertake operating activities directly. Investment management services are provided by L1 Capital Pty Ltd ("Investment Manager") under an Investment Management Agreement approved by the Board. Administrative functions, including fund administration, custody, registry and company secretarial services, are provided by specialist external service providers.

Because of this structure, the Company's climate-related risks differ from those of an operating business. The Company's direct exposure to climate-related risks is limited. Instead, climate-related risks arise principally through the performance of companies held within the investment portfolio and through reliance on key outsourced service providers.

2.2 Business Model

The Company generates returns for shareholders through changes in the value of its investment portfolio and dividend income received from investee companies.

Unlike an operating company, the Company does not manufacture products, own industrial assets or provide services directly to customers.

The Company's investment portfolio is actively managed and primarily comprises listed securities. As a result, portfolio exposures can be adjusted over time in response to changes in market conditions, company fundamentals and other investment considerations, including climate-related risks where considered relevant by the Investment Manager.

Importantly, climate change is one of many factors considered by the Investment Manager when assessing investment opportunities.

2.3 Value Chain

The Company's value chain is relatively simple and reflects its externally managed investment company structure.

Upstream

The Company's principal upstream stakeholders include:

- Investment Manager
- Fund Administrator
- Custodian
- Registry Provider
- Company Secretary
- Auditor
- Research and market data providers
- Regulators

These parties support the operation of the Company and the management of its investment portfolio.

Downstream

The Company's principal downstream stakeholders include:

- Shareholders
- Investee companies
- Financial markets

The Company's exposure to climate-related risks arises principally through investee companies and the performance of the investment portfolio.

2.4 Climate-related exposure

The Company has assessed where climate-related risks and opportunities could reasonably arise within its business model and value chain and concluded that the Company's principal climate-related exposure is indirect and arises through:

- changes in the financial performance of investee companies
- changes in market valuations
- evolving regulatory requirements affecting investee companies
- reliance on key outsourced service providers.

The Company has limited direct exposure to climate-related physical risks due to the absence of operating assets or employees. Potential opportunities may arise through investment opportunities identified by the Investment Manager as part of its ordinary investment process.

Section 3: Governance

The Board of Directors is responsible for overseeing the Company's climate-related risks and opportunities.

Given the Company's externally managed business model, the Board has delegated responsibility for undertaking the annual climate-related risk and opportunity assessment to L1 Capital Pty Ltd ("Investment Manager"), under the oversight of the Audit and Risk Committee ("ARC").

The ARC reviews the annual climate-related risk and opportunity assessment and reports material climate-related matters to the Board.

The Board remains ultimately responsible for ensuring the Company complies with its climate-related reporting obligations under AASB S2.

3.1 Governance Framework

The Company's climate-related governance framework is designed to reflect its externally managed structure. The Board's ultimate responsibility for risk oversight is reflected in the Corporate Governance Charter. The ARC oversees the Company's processes for identifying, assessing and monitoring climate-related risks and opportunities under its broader risk oversight responsibilities. The Investment Manager performs the responsibilities described in this report under the Investment Management Agreement and the Company's governance arrangements.

Responsibility	Responsible Party
Oversight of climate-related risks and opportunities	Board
Review of climate-related risks and opportunities	Audit and Risk Committee
Annual climate-related risk and opportunity assessment	Investment Manager
External technical advice	External sustainability adviser

Sustainability Report 2026

Continued

3.2 Board responsibilities

The Board has ultimate oversight of the Company's climate-related risks and opportunities as part of its broader responsibility for risk oversight. The Board delegates oversight of the identification, assessment and monitoring of climate-related risks and opportunities to the Audit and Risk Committee (ARC).

3.3 Audit and Risk Committee

The ARC oversees the Company's processes for identifying, assessing and monitoring climate-related risks and opportunities and considers the annual climate-related risk and opportunity assessment undertaken by the Investment Manager. The ARC reports material climate-related matters to the Board where relevant to the Company's strategy, risk management or investment portfolio.

3.4 Investment Manager

The Investment Manager is responsible for undertaking the detailed identification, assessment and monitoring of climate-related risks and opportunities relevant to the Company's investment portfolio. This includes considering climate-related matters through its ordinary investment research and portfolio-management processes and undertaking the Company's annual climate-related risk and opportunity assessment. Investment decisions continue to be made in accordance with the Company's investment mandate and investment philosophy.

3.5 External advice

The Company may engage external advisers to assist the Investment Manager in preparing climate-related disclosures or undertaking climate-related risk assessments.

External advisers provide technical support only.

3.6 Climate-related risk Oversight

The Company's climate-related governance framework forms part of its broader governance arrangements.

Climate-related matters are monitored through the Company's ordinary investment, risk and governance processes where relevant. In addition, the Investment Manager undertakes a formal annual climate-related risk and opportunity assessment.

When overseeing the Company's investment strategy, material transactions and risk-management arrangements, the Board considers climate-related risks and opportunities where they could reasonably be expected to affect the Company's prospects. This includes considering information provided by the Investment Manager, the potential effect on portfolio value and liquidity, and any relevant trade-offs with the Company's investment objectives, mandate and expected shareholder returns. No material climate-related trade-off was identified through the annual climate-related assessment as having affected a Board decision during the reporting period.

The ARC receives and reviews reports relating to climate-related risks from the Investment Manager's Legal & Compliance and Finance teams and provides updates to the Board at least annually. The Company does not maintain a standalone process for identifying climate-related opportunities. The process for considering climate-related opportunities is described in Section 4.2.

3.7 Board Skills and Competencies

The Company is committed to maintaining a Board whose members collectively bring an appropriate mix of skills, commitment and diversity to support effective decision-making, including oversight of climate-related risks and opportunities. The Company does not currently have a formal process to assess climate-related skills and competencies at Board level. This reflects the Company's externally managed structure, the nature and scale of its activities and its status as a first-time reporter. The Board obtains support from the Investment Manager and external advisers where specialist climate-reporting knowledge is required.

As the Company's sustainability reporting obligations continue to develop, consideration will be given as to whether the Board's skills matrix and training requirements should be updated to more explicitly incorporate climate-related competencies.

For the current reporting period, the Board and ARC were supported by the Investment Manager and external sustainability consultants in considering the Company's climate-related risks, scenario analysis and disclosure obligations.

3.8 Executive Remuneration

The Company has no employees and does not maintain executive remuneration arrangements.

Accordingly, climate-related performance measures are not linked to remuneration outcomes.

The Company has not established climate-related remuneration targets.

Section 4: Risk Management

The Company considers climate-related risks as part of its broader risk management framework.

Given the Company's externally managed business model, responsibility for identifying and assessing climate-related risks and opportunities has been delegated to the Investment Manager, with oversight provided by the Audit and Risk Committee and ultimately the Board.

To establish a baseline understanding of these climate-related risks and opportunities that could reasonably be expected to affect the Company's prospects, external sustainability consultants were engaged to conduct an independent analysis of its physical and transition risk exposures and opportunities. This external assessment included a review of the Company's value chain, engagement with relevant internal stakeholders and tailored climate scenario analysis to identify and assess climate-related risks and opportunities.

4.1 Risk Assessment Process

The process for identifying, assessing, prioritising and monitoring climate-related risks and opportunities is as follows:

4.1.1 Identification

Climate-related risk and opportunity identification was undertaken with assistance from external sustainability consultants.

The identification process considered the Company's externally managed listed investment company structure, its investment portfolio, its reliance on key service providers and the industries and geographic regions represented within the portfolio.

The assessment was informed by:

- portfolio holdings and exposure information
- the Company's Risk Appetite Statement and Risk Management Policy
- the Investment Manager's investment research and portfolio-management processes
- the Investment Manager's Responsible Investing and Sustainability Policy
- recognised physical and transition risk categories, including those developed by the Task Force on Climate-related Financial Disclosures
- physical climate hazard classifications published by the Intergovernmental Panel on Climate Change
- climate scenario information
- relevant regulatory guidance, peer reporting and industry practice
- advice from external sustainability consultants.

The identification process comprised three stages.

1. Establishing the initial risk universe

A preliminary list of physical risks, transition risks and potential climate-related opportunities relevant to the Company was developed having regard to the Company's business model, investment portfolio and value chain.

2. Portfolio-level physical risk assessment

A portfolio-level assessment was undertaken to identify potential physical climate-risk exposure among companies held within the investment portfolio.

Because granular asset-level operating-location data was not consistently available for all investee companies, company headquarters locations were used as a baseline proxy for the initial assessment.

This approach provided a consistent basis for assessing potential geographic exposure across the portfolio. The Company recognises that headquarters locations may not fully reflect the location of an investee company's operating assets, supply chains or revenue-generating activities. The results were therefore used as an initial assessment tool rather than as a precise measure of financial exposure.

3. Consolidating information for assessment

The results of the portfolio-level physical risk assessment were considered together with transition-risk research, climate scenario information and relevant investment and regulatory considerations.

This information formed the basis of the assessment described in Section 4.1.2.

4.1.2 Assessment

Following identification of the preliminary list of climate-related risks and opportunities, the Company, with assistance from the Investment Manager and external sustainability consultants, undertook a qualitative assessment to determine which matters could reasonably be expected to affect the Company's prospects.

The assessment considered:

- the nature and extent of the Company's portfolio exposure
- the time horizon over which each risk or opportunity could arise
- the potential qualitative pathways through which climate-related matters could affect investee-company earnings, asset values and distributions
- the potential consequential effect on the value, income and liquidity of the Company's investment portfolio
- the Company's ability to adjust portfolio exposures
- relevant data limitations and areas of uncertainty.

No investee-company financial forecasts were prepared as part of this assessment.

The identified matters were considered across the short, medium and long term and tested through the climate scenario analysis described in Section 5.4.

Based on this assessment, the Company identified physical risk and transition risk as the climate-related risks that could reasonably be expected to affect its prospects. These risks formed the basis of the disclosures contained in Section 5 of this report. No separate climate-related opportunity was identified that could reasonably be expected to affect the Company's prospects.

4.1.3 Monitoring

Climate-related risks are monitored by the Investment Manager as part of its risk management framework and reported to the ARC annually. In addition, the Investment Manager conducts an annual assessment of climate-related risks and opportunities to determine those that could reasonably be expected to affect the Company's prospects. These are separate but connected processes.

The climate-related risks disclosed in the Sustainability Report are reviewed by the ARC.

4.2 Integration into Risk Management

Climate-related risk is considered within the Company's existing risk-management arrangements rather than through a separate climate-risk framework. Relevant portfolio developments may be identified through the Investment Manager's ordinary research and portfolio-management processes and reported through the Company's governance arrangements.

The comprehensive annual climate-related risk and opportunity assessment remains a separate process, the results of which inform the Company's broader risk oversight.

Given the Company's business model and the outcome of the climate-related risk assessment undertaken during the reporting period, the Board considers the current approach to be appropriate.

The Company will continue to review its approach as climate-related reporting requirements and market practices evolve.

Climate-related opportunities may also be identified through the Investment Manager's ordinary investment research and portfolio management activities. Where an opportunity could reasonably be expected to affect the Company's prospects, it is considered as part of the annual assessment and reported to the ARC.

Section 5: Strategy

The Company's objective is to generate long-term capital growth and income for shareholders through investment in a diversified portfolio of predominantly Australian and New Zealand listed securities.

Climate change is not a separate investment objective. Rather, climate-related matters are considered by the Investment Manager as one of many factors that may influence the long-term value and performance of investments.

The Board has assessed whether climate-related risks and opportunities could reasonably be expected to affect the Company's prospects over the short, medium and long term.

Given the Company's externally managed business model, the Board concluded that the Company's principal exposure to climate-related matters arises through the investment portfolio rather than through its own operations.

To prepare for its first year of AASB S2 climate reporting, the Company engaged external sustainability consultants to undertake a comprehensive identification and assessment of climate-related risks and opportunities, together with qualitative scenario analysis. This work supported the assessment of potential current and anticipated financial effects and the resilience of the Company's investment strategy over the short, medium and long term.

5.1 Time Horizons Applied

Consistent with AASB S2, the Company considered climate-related risks and opportunities across the following time horizons:

Time Horizon	Definition
Short term	0–1 year
Medium term	1–3 years
Long term	3–10 years

These time horizons reflect the periods over which climate-related matters could reasonably be expected to influence the financial performance of investee companies and, consequently, the Company's investment portfolio. These do not link to the planning horizons for strategic decision making.

The long-term horizon extends to 10 years to capture physical and transition effects that may emerge beyond the Company's typical investment holding period. Although individual portfolio positions may be held for materially shorter periods and can generally be adjusted, climate-related developments over a longer horizon may influence sector conditions, company valuations and future investment opportunities.

Sustainability Report 2026

Continued

5.2 Climate-Related Risks and Opportunities

The Board assessed the climate-related risks and opportunities that could reasonably be expected to affect the Company's prospects.

Given the nature of the Company, these risks arise principally through the investment portfolio rather than the Company's own operations.

The following climate-related risks were identified as those that could reasonably be expected to affect the Company's prospects.

Risk / Opportunity	Time Horizon	Description	Response
Physical Risk	Short, medium and long term	Acute physical hazards, including flooding, bushfires and severe windstorms, and chronic changes, including sustained heat stress, drought and water scarcity, may disrupt investee-company operations, assets and supply chains. This could adversely affect earnings, distributions and valuations and, consequently, the value and returns of the Company's investment portfolio.	The Investment Manager actively monitors portfolio holdings and may adjust portfolio exposures where considered appropriate in accordance with the Company's investment mandate.
Transition Risk	Short, medium and long term	Carbon pricing mechanisms and structural market shifts away from high-emission activities may compress the operating margins of portfolio companies held by the Company, particularly those with significant exposure to carbon-intensive sectors such as the materials and heavy industrials sectors. Where companies are unable to adapt to these transition pressures, their valuations and financial performance may be adversely affected.	Climate-related matters are considered by the Investment Manager alongside other financial and non-financial factors when assessing investment opportunities.

No separate climate-related opportunity was identified as being reasonably expected to affect the Company's prospects.

Climate-related developments may nevertheless inform individual investment decisions through the Investment Manager's ordinary investment research process.

5.3 Current and Anticipated Financial Effects

The Board considered the current and anticipated effects of the identified climate-related risks and opportunities on the Company's financial position, financial performance and cash flows.

No material current financial effects were identified during the reporting period. The Company also did not identify a significant risk that climate-related matters would result in a material adjustment to the carrying amounts of assets or liabilities during the next annual reporting period.

Climate -related matter	Description	Current financial effect	Anticipated financial effect	Financial statement areas potentially affected
Physical risk	Acute and chronic physical hazards may disrupt investee-company assets, operations and supply chains and adversely affect earnings, distributions and valuations.	No material financial effect identified for the reporting period.	Physical disruption, asset damage, higher insurance or adaptation costs and weaker investee-company earnings could adversely affect the market value of portfolio investments and dividend distributions. This could result in lower unrealised or realised investment gains and reduced investment income. **Short term:** Financial effects may arise where acute physical events disrupt an investee company's operations, assets or supply chains, potentially affecting earnings, distributions and market valuations. **Medium term:** Repeated physical events and increasing exposure to chronic hazards may result in higher operating, insurance and adaptation costs for investee companies, with potential effects on earnings, distributions and valuations. **Long term:** The financial effects of chronic physical hazards may become more significant as changes in temperature, water availability and the frequency or severity of extreme weather affect investee-company operations, asset values and longer-term profitability. The Company's actively managed and liquid portfolio provides flexibility to adjust exposures as these risks evolve.	• Financial assets at fair value through profit or loss; • Net gains or losses on financial instruments; • Dividend income; and • Proceeds from sale of financial instruments at fair value through profit or loss

Sustainability Report 2026

Continued

Climate -related matter	Description	Current financial effect	Anticipated financial effect	Financial statement areas potentially affected
Transition risk	Carbon pricing mechanisms and structural market shifts away from high-emission activities may compress the operating margins of portfolio companies held by the Company, particularly those with significant exposure to carbon-intensive sectors such as the materials and heavy industrials sectors. Where companies are unable to adapt to these transition pressures, their valuations and financial performance may be adversely affected.	No material financial effect identified for the reporting period.	Carbon costs, regulatory compliance expenditure, changing demand, technology disruption or increased capital requirements could reduce investee-company earnings, distributions and market valuations. These effects could reduce the value and income of the Company's portfolio. **Short term:** Financial effects may arise from changes in climate-related regulation, carbon pricing, market expectations or investor sentiment, which may affect investee-company earnings and market valuations. **Medium term:** Financial effects may increase as regulatory requirements, technology adoption and changes in customer demand require affected investee companies to incur additional expenditure, adapt business models or experience changes in revenues and margins. **Long term:** More significant structural changes in regulation, technology, energy systems and market demand may affect the long-term competitiveness, earnings and valuations of exposed investee companies. The Company's actively managed portfolio provides flexibility to adjust exposures as transition risks and investment conditions evolve.	• Financial assets at fair value through profit or loss; • Net gains or losses on financial instruments; • Dividend income; and • Proceeds from sale of financial instruments at fair value through profit or loss

The Company has not provided quantitative estimates of the anticipated financial effects of the identified climate-related risks because those effects are not presently separately identifiable from the broader economic, market and company-specific factors that influence the earnings, distributions and market valuations of listed securities.

The Company's investment portfolio is actively managed, and portfolio holdings may change materially over the short, medium and long term. Quantifying the anticipated financial effects would therefore require numerous assumptions regarding future portfolio composition, investee-company exposures, regulatory developments, technological change and physical climate hazards. The Board concluded that the resulting level of measurement uncertainty is sufficiently high that a quantified estimate or range would not provide useful information to users of the Financial Report.

Accordingly, the Company has described the anticipated financial effects qualitatively and identified the areas of the Financial Report that could be affected. The Board will continue to reassess the availability and usefulness of quantitative information in future reporting periods as methodologies, data quality and reporting practices continue to evolve.

5.4 Climate Scenario Analysis

To support its assessment of climate-related risks, the Company undertook qualitative climate scenario analysis.

The purpose of the analysis was to assess the resilience of the Company's investment strategy under a reasonable range of potential climate outcomes.

Given the Company's business model as an externally managed listed investment company, together with the diversity and liquidity of the investment portfolio, the Board concluded that qualitative scenario analysis was appropriate for the current reporting period.

The assessment was undertaken with assistance from external sustainability consultants.

The time horizons applied for scenario analysis differ from the time horizons in Section 5.1. The scenario-analysis horizons extend over a longer period to appropriately consider the potential development of physical and transition climate risks under the selected climate scenarios and to assess the resilience of the Company's investment strategy under those scenarios. The horizons in Section 5.1 are used to assess when climate-related risks and opportunities could reasonably be expected to affect the Company's prospects.

Time Horizon	Definition
Short term	0–3 years
Medium term	3–10 years
Long term	10–25 years

These longer time horizons enable the Company to consider the development of climate-related physical and transition risks under the selected scenarios beyond the Company's typical investment holding period.

The Company applied the following two climate scenarios for its initial reporting period:

- **High transition scenario (+1.5°C)** based on the International Energy Agency World Energy Outlook (IEA WEO) Net Zero scenario, and
- **High physical scenario (+4°C)** based on the Intergovernmental Panel on Climate Change (IPCC) pathways published in Sixth Assessment Report (AR6 SSP5-8.5).

The scenarios were informed by recognised external sources representing a range of global climate and energy-transition pathways:

- **General research:** Peer benchmarking, industry research, input from the Investment Manager and relevant external advisers, and projections from authoritative external data sources.
- **Market dynamics:** Most recent IEA Net Zero Emissions (NZE) scenario (published in November 2025), supported by relevant IEA sector-specific studies supplemented by data from the Australian Energy Market Operator (AEMO) to capture Australian-specific considerations.
- **Physical climate risks:** Scenarios from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report on Climate Change (2021) (AR6 SSP5-8.5).

For each scenario, the Board considered the potential impact on:

- portfolio valuations
- earnings of investee companies
- sector exposures
- geographic exposures
- portfolio liquidity
- shareholder returns
- the Company's ability to continue implementing its investment strategy.

The assessment was qualitative in nature and reflected the Company's externally managed investment model.

Scenario	High transition scenario	High physical scenario
Narrative	Under a **1.5°C orderly transition scenario**, the global economy rapidly decarbonises through immediate, coordinated policy action. As steep carbon pricing is introduced and clean technologies dominate the energy system, global capital systematically rotates away from unhedged fossil fuel assets, creating terminal stranding risks for legacy sectors and major structural opportunities in transition-aligned markets.	The world takes a **high-emissions pathway** that leads to ~4°C of warming by the year 2100. Economic growth is strong and global trade expands, but this comes with heavy reliance on fossil fuels and resource-intensive production and lifestyles. Population peaks and then declines to around 7 billion by 2100, while rising incomes and reduced inequalities give societies a relatively strong capacity to adapt, even as mitigation becomes increasingly difficult.
Scenario temperature alignment 2100	+1.5°C	+4°C
Rationale for selection	This scenario envisions an orderly transition of the world economy to net zero by 2050 whereby the world embarks on a transformative journey towards a sustainable future. It envisions a rapid shift to a low-carbon economy, driven by the collective efforts of governments, businesses and consumers. Decarbonisation rates soar as coordinated emissions reduction actions and interventions take centre stage. As a result, significant transition risks as well as some opportunities could emerge.	This scenario highlights the more pronounced impacts of physical climate hazards, which increase towards the end of the century. The world faces unprecedented changes in social, economic and technological trends. Erratic development and income growth would cause severe setbacks in many regions, with less socio-economically mature nations especially affected.
Key data source	**Key scenario framework**: International Energy Agency World Energy Outlook (IEA WEO Net Zero scenario) Supplemented by: • IEA Energy Technology Perspectives (ETP) • IEA Critical Minerals Outlook / Market and Investment Review • AEMO Step Change and Accelerated Transition models • AEMO 2026 Forecasting Assumptions Update • AEMO Integrated System Plan (ISP)	**Intergovernmental Panel on Climate Change (IPCC) pathways** published in Sixth Assessment Report (AR6). The IPCC's SSP5-8.5 high physical scenario is informed by: • Shared Socioeconomic Pathway 5 (SSP5) demographic and economic baseline • Representative Concentration Pathway 8.5 (RCP8.5) projecting severe temperature and physical hazard outcomes

Scenario	High transition scenario	High physical scenario
Key scenario characteristics	**Coordinated global carbon pricing:** Comprehensive regulatory frameworks enforce high carbon export penalties and border adjustment taxes, stripping high-emission business models of their international market competitiveness. **Rapid power grid decarbonisation:** National electricity grids execute accelerated transition pathways, mandating the rapid closure of local coal-fired generation infrastructure in favour of clean energy systems. **Critical minerals demand expansion:** Achieving global net zero targets trigger a permanent structural capital tailwind for operations that supply energy transition minerals, driving significant upward adjustments in their market valuations.	**Commercial insurance retractions:** Insurers may systematically decline to underwrite assets located in high-risk geographic zones, leaving investee-company operations exposed to uninsured losses and adverse financial effects. **Valuation write-downs and impairments:** Severe physical damage and permanent reductions in operational capacity may drive material non-cash asset impairments and credit de-ratings across asset-heavy sectors within the portfolio. **Relocation towards adaptation capital:** As private and institutional capital is increasingly directed toward defensive infrastructure hardening and disaster recovery, productive expansion investment may be crowded out across portfolio companies.

Key Assumptions		
Climate-related policies	Voluntary guidelines are replaced by mandatory climate-related corporate reporting standards like Australia's AASB S2, and already existing stringent international carbon border adjustments such as the EU CBAM are strengthened.	Only current policies are maintained, with limited new adaptation measures. Carbon pricing mechanisms remain fragmented or largely non-existent globally, resulting in minimal policy-driven transition risks or compliance costs for heavy emitters.
Macroeconomic trends	The global transition toward a low-carbon economy under a 1.5°C pathway drives a profound reorganisation of wealth and a structural acceleration in capital reallocation across wholesale and retail markets as clean technology investments scale past historical thresholds.	Continued economic growth but rising costs from physical climate impacts.
National/ regional variables	Real-world market demand across Australia, the U.S. and Canada is heavily shaped by regional variables such as AEMO's decarbonisation projections, the U.S. Inflation Reduction Act incentives and Canada's Clean Technology Investment Tax Credit.	Severe and escalating physical risks emerge, including extreme heat, widespread drought, coastal inundation and ecosystem collapse, consistent with IPCC SSP5-8.5.
Energy usage and energy mix	The 1.5°C climate pathway requires global carbon dioxide emissions to drop by nearly 55% by 2035, forcing a complete stop on new unhedged coal mine developments and driving a massive, sustained expansion in the supply of energy transition minerals like lithium, copper and nickel.	The world continues to rely on fossil fuels and has slow adoption of clean energy, with incremental energy efficiency improvements.
Technology developments	Global manufacturing shifts completely toward green industrial technologies, low-carbon materials and circular economy business models such as green hydrogen-powered smelting, advanced electrification and scrap metal recycling networks.	Progress in clean energy technology is limited, and the world continues to rely on legacy infrastructure.

Sustainability Report 2026

Continued

Climate Resilience

The Investment Manager assessed the resilience of the Company's investment strategy under the transition-risk and physical-risk scenarios described above.

Implications for strategy and business model

The assessment did not identify a need to change the Company's investment objective, mandate or externally managed business model. Climate-related matters may affect individual investments, but the Investment Manager can respond through its ordinary research, security selection, position sizing and portfolio-management processes.

Significant uncertainties

The assessment is subject to uncertainty regarding the timing and severity of physical hazards, the pace and geographic consistency of policy change, technology adoption, market responses and the availability and reliability of investee-company information. The long-term scenarios are not forecasts and actual outcomes may differ materially.

Capacity to adapt

The Company's portfolio consists primarily of liquid listed securities and is actively managed. Portfolio positions can generally be reduced, exited, increased or replaced over time, subject to market liquidity, the investment mandate and prevailing market conditions. This provides the Company with flexibility to respond to climate-related developments across the short, medium and long term.

Financial resources

The Company does not operate a capital-intensive business and did not identify a requirement for material climate-related capital expenditure. Its financial capacity to respond arises principally through the liquidity of the investment portfolio and the Investment Manager's ability to reallocate capital within the investment mandate.

Existing assets

The Company does not own operating assets requiring physical adaptation, repurposing, upgrading or decommissioning. Its principal assets are financial investments, which may be redeployed through portfolio transactions where appropriate.

Climate-related mitigation, adaptation and opportunities

The Company did not make, and does not currently plan, material expenditure specifically for climate-related mitigation or adaptation. Climate-related investment opportunities may be considered by the Investment Manager through its ordinary investment process where they offer attractive risk-adjusted returns consistent with the investment mandate.

Based on the assessment, the Board concluded that the Company's investment strategy remains resilient under the scenarios considered. No formal climate transition plan is maintained because the Company does not undertake operating activities requiring decarbonisation.

5.5 Overall Conclusion

Based on the assessment undertaken during the reporting period, the Board concluded that:

- climate-related matters arise principally through the investment portfolio
- no material climate-related financial effects on the Company's financial position, financial performance or cash flows were identified during the reporting period
- the Company's investment strategy remains resilient having regard to the climate scenarios considered
- the current governance and risk management arrangements remain appropriate for the nature and scale of the Company's activities.

Section 6: Metrics and targets

AASB S2 requires entities to disclose the climate-related metrics and targets used to assess and manage climate-related risks and opportunities.

The Board considered the metrics required under AASB S2 having regard to the Company's business model and the outcome of the annual climate-related risk assessment.

As an externally managed listed investment company, the Company has no employees, operating facilities or direct business operations. Accordingly, the Board concluded that many of the climate-related metrics commonly reported by operating businesses are not relevant to the Company.

6.1 Greenhouse Gas Emissions

The Company does not own or control operating assets and does not employ staff. Accordingly, the Company has no Scope 1 or Scope 2 greenhouse gas emission sources within its operational boundary.

The Company measured its Scope 1 and Scope 2 greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004).

Greenhouse gas emissions	Unit	Year ended 30 June 2026
Scope 1	tCO_2-e	0
Scope 2 – location-based	tCO_2-e	0

The Company has no facilities, employees, vehicles, purchased electricity or other Scope 1 or Scope 2 emission sources within the operational boundary.

The operational-control approach was selected because it aligns the Company's GHG inventory with activities over which the Company has authority to introduce and implement operating policies and influence emissions outcomes. This approach is appropriate to the Company's externally managed structure and distinguishes its operational emissions from emissions arising within the investment portfolio and broader value chain.

6.2 Scope 3 Greenhouse Gas Emissions

The Company has elected to apply the transitional relief available under AASB S2 in respect of Scope 3 greenhouse gas emissions.

Accordingly, Scope 3 greenhouse gas emissions have not been disclosed for the current reporting period.

6.3 Climate-Related Metrics

The Board considered the cross-industry climate-related metrics required by AASB S2, having regard to the Company's investment portfolio and externally managed structure.

The Company notes that identifying appropriate, robust performance metrics in relation to climate related risks and opportunities is particularly challenging for this initial reporting period.

This reflects a timing mismatch between the actively managed nature of the Company's portfolio and the 1-10 year timeframes over which the key climate related risks identified are expected to crystallise. Similar timing and measurement challenges exist in relation to physical climate risk, given the extremely long timeframes involved, current data gaps and a reliance on climate science and modelling methodologies that continue to evolve.

Sustainability Report 2026

Continued

As such, the Company acknowledges that the development of climate related performance metrics has been limited to date and that further refinement of metrics will be a focus for future reporting periods, alongside the methodology outlined below.

Portfolio companies' physical risk and vulnerability metrics:

The Company notes that the baseline physical risk metric disclosed below is derived from a representative sample of the portfolio, utilising the headquarters locations of the ten largest holdings as a baseline proxy. Selecting the ten largest holdings provides a statistically robust, sectorial diverse, and geographically comprehensive proxy for the Company's overall risk. The Company aims to progressively refine this metric in future reporting periods by transitioning away from headquarters-based proxies toward asset-level data as it becomes commercially available, or when such assessments can be conducted without undue cost or effort.

Based on the Company's assessment, the sample portfolio's dominant baseline physical hazard vulnerabilities are as follows:

Physical Hazard	Sample portfolio positions (No. of stocks)	Sample portfolio positions %
Windstorms	10	100%
Heavy rain	5	48%
Riverine flooding	7	70%

Investment portfolio transition risk and vulnerability metrics:

Sector	Gross Asset Value $'000	Gross Asset Value %
Materials	2,454,032	52.82%
Industrials	726,963	15.65%

The metrics exclude short positions held within the portfolio, as they are not reasonably expected to affect the Company's prospects, given that these positions are derivative instruments rather than direct investments in underlying companies and are typically held over a very short timeframe.

The Company did not identify a separate climate-related opportunity that could reasonably be expected to affect its prospects. Accordingly, no portfolio metric has been reported for assets aligned with climate-related opportunities.

Other metrics

- No material capital expenditure, financing or investment was deployed specifically toward climate-related risks or opportunities during the reporting period.
- The Company does not apply an internal carbon price.
- The Company has no employees or executive remuneration arrangements. Accordingly, no remuneration recognised during the reporting period was linked to climate-related considerations.

6.4 Climate-Related Targets

The Company has not established climate-related targets during the reporting period.

The Company does not undertake operating activities or own physical assets requiring decarbonisation and has not adopted operational greenhouse gas emissions reduction targets.

The Company is not subject to any regulatory greenhouse gas emissions target, limit or baseline under Australian law.

Directors' Declaration

Under section 296A of the *Corporations Act 2001* for the year ended 30 June 2026.

The directors of L1 Long Short Fund Limited declare that, in the opinion of the directors:

The Company has taken reasonable steps to ensure the substantive provisions of the Sustainability Report for the year ended 30 June 2026 are in accordance with the Corporations Act 2001, including complying with:

(i) the Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures, and any further requirements contained in section 296C(2); and

(ii) the requirements of the climate statement disclosures contained in section 296D.

This declaration is made in accordance with a resolution of the directors pursuant to section 296A(6) of the Corporations Act 2001 as modified by section 1707C(2).

Andrew Larke
Chair

Harry Kingsley
Director

Melbourne
25 August 2026

Independent Auditor's Review Report

To members of L1 Long Short Fund Limited

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent auditor's review report to the members of L1 Long Short Fund Limited

Conclusion

We have conducted a review of the following information in the Sustainability Report of L1 Long Short Fund Limited (the Company) for the year ended 30 June 2026 (the 'selective sustainability information') as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Selective sustainability information	Criteria: Reporting requirement of AASB S2 Climate-related Disclosures (AASB S2) (including related general disclosures required by Appendix D)	Location in Sustainability Report
Governance	Paragraph 6	Section 3 Governance, on pages 63 to 66
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Section 5.2 Climate-related risks and opportunities, on page 68
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Section 6.1 Greenhouse Gas Emissions on page 75

The requirements of AASB S2 identified in the table above form the criteria relevant to the selective sustainability information and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the selective sustainability information specified in the table above does not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the selective sustainability information is free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the *Summary of the Work performed* section of our report.

Our responsibilities under ASSA 5000 are further described in the *Auditor's responsibilities* section of our report.

We are independent of the L1 Long Short Fund Limited in accordance with the auditor independence requirements of the Act and the ethical requirements of *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code) that are relevant to reviews of the selective sustainability information of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

We confirm that the independence declaration required by the Act, which has been given to the directors of the L1 Long Short Fund Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

The directors of the Company are responsible for the other information. The other information comprises the Company's Annual Report, but does not include the selective sustainability information and our review report thereon.

Our conclusion on the selective sustainability information does not cover the other information and we do not express any form of assurance conclusion thereon in this review report. We have issued a separate auditor's report on the Financial Report and the Remuneration Report.

In connection with our review of the selective sustainability information, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the selective sustainability information, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the selective sustainability information

The directors of the Company are responsible for:

- The preparation of the selective sustainability information in accordance with the Act; and
- Designing, implementing and maintaining such internal control necessary to enable the preparation of the selective sustainability information, in accordance with the Act that is free from material misstatement, whether due to fraud or error.

Independent Auditor's Review Report

Continued

EY
Shape the future with confidence

Inherent limitations

As discussed on page 61 of the Report, climate-related risk management is an emerging area, and often uses data and methodologies that are developing and uncertain. The Sustainability Report contains forward looking statements, including climate-related scenarios, targets, assumptions, climate projections, forecasts, statements of future intentions and estimates and judgements that have not yet occurred and may never occur. We do not provide assurance on the achievability of this prospective information.

Greenhouse gas emissions quantification is subject to significant measurement uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. The comparability of sustainability information between entities and over time may be affected by inconsistencies in the methods to estimate or measure those emissions, due to different, but acceptable, methods applied.

Auditor's responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the selective sustainability information, defined in the *Conclusion* section of our report, is free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the selective sustainability information.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.

- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the selective sustainability information. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

In conducting our review, the procedures we performed included, but were not limited to:

- Considered the completeness of L1 Long Short Fund Limited's assessment of climate-related risks and opportunities

- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the selective sustainability information during the reporting period
- Read minutes of relevant committees to understand matters discussed and decisions made with respect to climate-related disclosures
- Assessed the appropriateness of the reporting boundaries applied
- Undertook analytical review procedures to support the reasonableness of the selective sustainability information
- Evaluated the appropriateness of emission factors applied in the greenhouse gas emission processes
- Agreed the selective sustainability information disclosures made in the report with the underlying records
- Evaluated the presentation and disclosure of the selective sustainability information against the requirements of AASB S2

Ernst & Young

Ernst & Young

E Reekie

Emma Reekie
Partner
Melbourne
26 August 2026

Shareholder Information

The shareholder information set out below was applicable as at 31 July 2026.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report, are listed below.

A. Distribution of shareholders

Analysis of the number of shareholders by size of holding:

Holdings	Number of ordinary shares held	Number of shareholders	Percentage of shares on issue
1 – 1,000	632,737	1,406	0.10
1,001 – 5,000	13,608,397	4,342	2.14
5,001 – 10,000	30,349,558	3,986	4.78
10,001 – 100,000	222,269,396	8,037	35.02
100,001 and over	367,809,332	486	57.95
	634,669,420	**18,257**	**100.00**

There were 138 holders of less than a marketable parcel of ordinary shares.

B. Twenty largest shareholders

The names of the twenty largest shareholders of quoted equity securities are listed below:

Rank	Holder name	Number of ordinary shares held	Percentage of shares on issue
1	Sylverly Pty Ltd	45,898,926	7.23
2	Cantone No. 2 Pty Ltd	41,332,956	6.51
3	Citicorp Nominees Pty Limited	37,964,814	5.98
4	BNP Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd>	34,622,368	5.46
5	HSBC Custody Nominees (Australia) Limited	25,261,522	3.98
6	Netwealth Investments Limited <Wrap Services A/C>	23,391,968	3.69
7	Shomron Pty Ltd	10,930,210	1.72
8	Annaeus Pty Ltd	7,769,731	1.22
9	IOOF Investment Services Limited <IPS Superfund A/C>	6,259,002	0.99
10	IOOF Investment Services Limited <IOOF IDPS A/C>	5,874,210	0.93
11	Netwealth Investments Limited <Super Services A/C>	5,270,517	0.83
12	NCSR Pty Ltd	3,596,512	0.57
13	The Ian Potter Foundation Limited	3,300,000	0.52
14	HSBC Custody Nominees (Australia) Limited - A/C 2	2,943,015	0.46
15	BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client>	2,558,024	0.40
16	Wallbay Pty Ltd	2,500,000	0.39
17	Chabar Pty Ltd	2,440,902	0.38
18	Writeman Pty Limited	2,336,900	0.37
19	Mr Neil Donald Delroy	2,280,920	0.36
20	Inkmore 2 Pty Ltd	1,798,256	0.28
		268,330,753	**42.28**

C. Substantial shareholders

Substantial shareholders in the Company are set out below:

Holder Name	Number held	% of total shares issued
Mark Landau, Sylverly Pty Ltd and associates	54,077,619	8.52%
Raphael Lamm, Cantone No. 2 Pty Ltd and associates	52,264,872	8.23%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

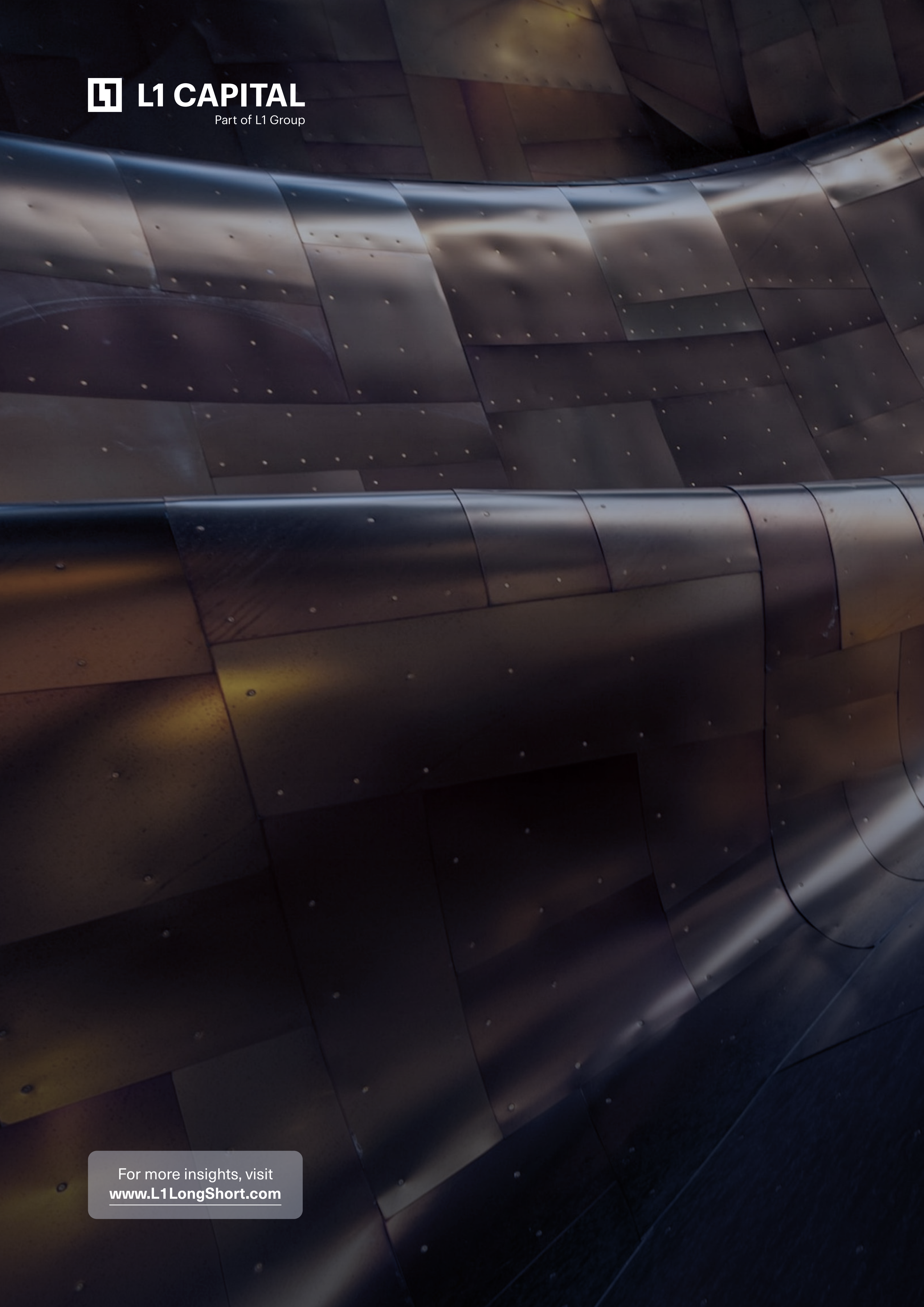
On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

E. Securities subject to voluntary escrow

The ordinary shares below are subject to voluntary escrow for a period which is the earlier of 24 April 2028 or the duration of the Investment Management Agreement.

	Number of ordinary shares held
Cantone No. 2 Pty Ltd	15,285,179
Sylverly Pty Ltd	15,285,179
NCSR Pty Ltd	3,596,512
Shomron Pty Ltd	2,500,000
Annaeus Pty Ltd	2,150,000
Inkmore 2 Pty Ltd	1,798,256
Yerkes Pty Ltd	588,236
Billy Ray Pty Ltd	350,000
Jellk Pty Ltd	294,118

This page has been left blank intentionally



L1 CAPITAL
Part of L1 Group

For more insights, visit
www.L1LongShort.com